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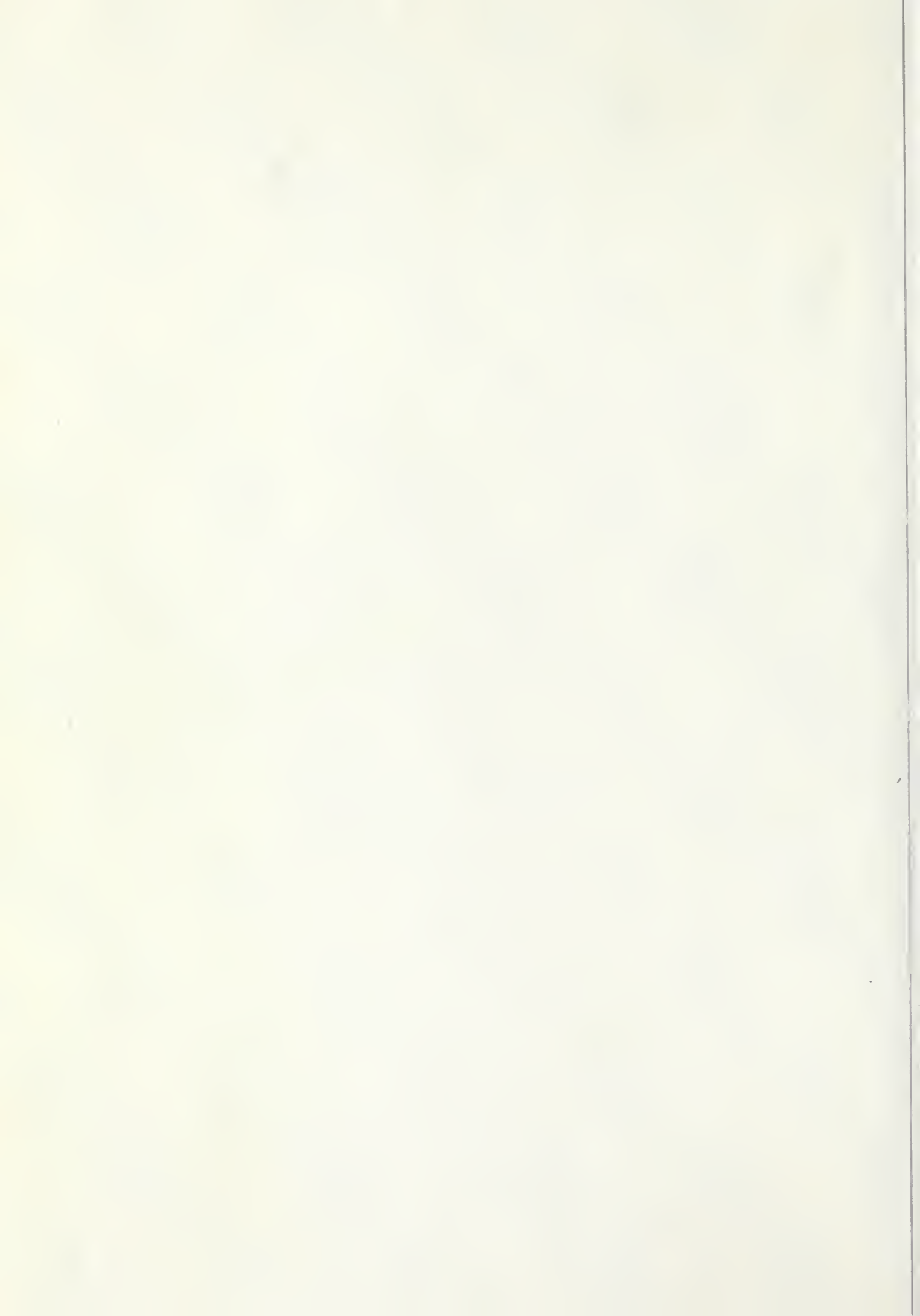


















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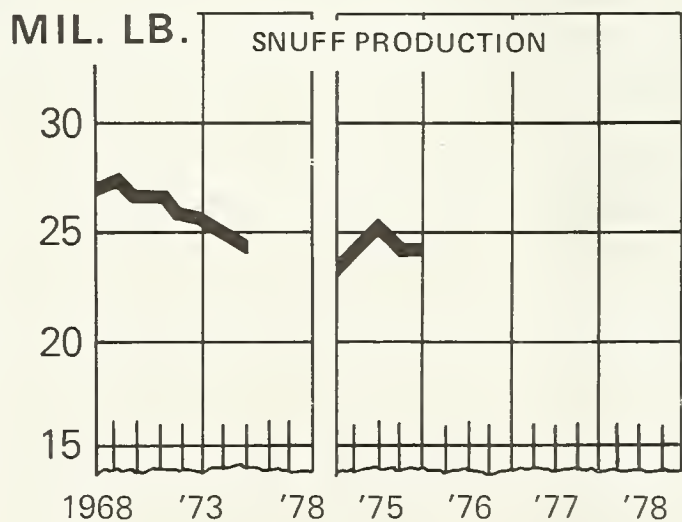
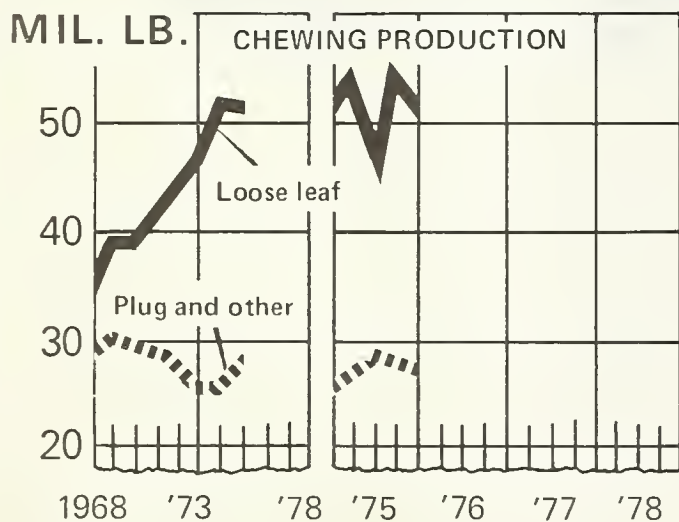
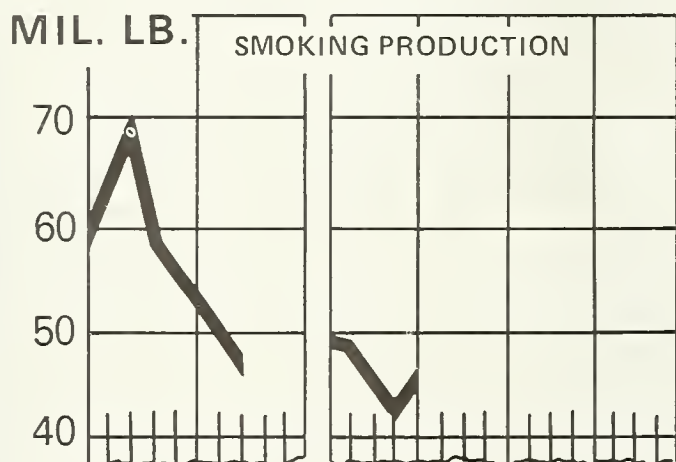
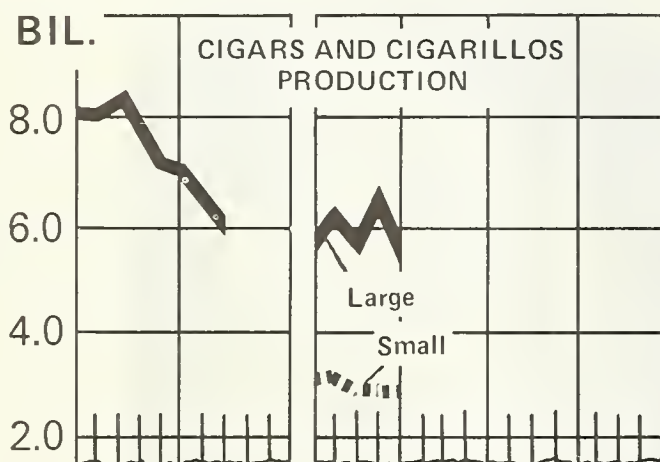
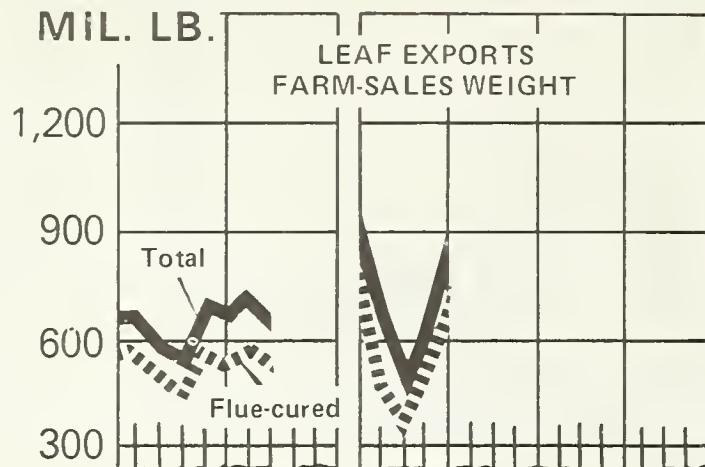
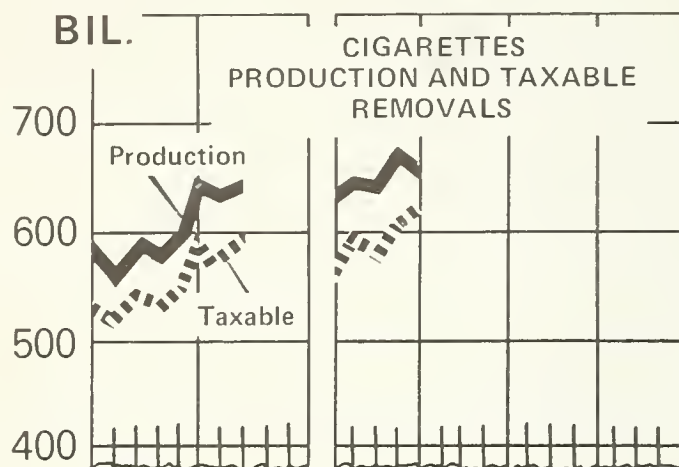
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# TOBACCO Situation



# TOBACCO OUTLETS

## Trends in Manufactured Products and Exports



USDA

LAST QUARTER SHOWN ESTIMATED.

NEG. ERS 229-76 (2)

# THE TOBACCO SITUATION

## CONTENTS

	Page
Summary . . . . .	3
Tobacco Products . . . . .	4
U.S. Exports and Imports . . . . .	10
Tobacco Leaf Situation and Outlook . . . . .	15
Foreign Markets . . . . .	28
Index of 1975 Issues . . . . .	33
Statistical Summary . . . . .	34
List of Tables . . . . .	36

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The *Tobacco Situation* is published in March, June, September, and December.

## SUMMARY

Domestic use and exports of U.S. tobacco during 1975/76 are expected to total less than the 1975 crop, raising carryover stocks materially over the carryin. Smaller quotas for flue-cured and burley tobacco this year could result in a 1976 crop slightly under last year's 2.18 billion pounds. The larger prospective carryover will push the 1976/77 tobacco supply above the current year.

In 1975, the largest crop since 1964 combined with larger than expected beginning stocks to raise the domestic leaf supply for 1975/76 to 5.2 billion pounds, up 5 percent from the previous year. By January 1, 1976, nonfarm stocks had increased 7 percent above a year earlier, and by the end of this marketing year stocks should total about 200 million pounds above the beginning level of 3 billion pounds.

U.S. tobacco growers may reduce plantings this year some 5 percent from the 1.1 million acres harvested in 1975. Effective (farm) quotas are down 11 percent for flue-cured and 3 percent for burley, in each case due to smaller basic quotas.

The price support levels for eligible tobacco will be 13.7 percent higher than last year. The rise is due to the legal formula that measures changes prices paid by farmers.

Domestic use of U.S.-grown tobacco picked up during July-December 1975 with a gain in cigarette output. Total disappearance for the 1975/76 marketing year will rise over last year and approach 1973/74's level of 1.35 billion pounds.

Last year's output of cigarettes gained 2½ percent to a record 651 billion as manufacturers rebuilt inventories. Filter-tips continued rising to 88 percent of total output. The 7-percent average increase in cigarette prices was less than the gain for all consumer items.

U.S. smokers puffed a record 607 billion cigarettes in 1975 or 1 percent more than the previous year. Consumption per adult at 4,121 cigarettes (206 packs) was 0.7 percent lower. With little change in per capita use, but increasing population, 1976's total cigarette use could climb.

Chewing tobacco and snuff will register another small sales gain. On the other hand, sales of



smoking tobacco and cigars, with the exception of higher priced cigars, may decrease again.

For the year ending June 30, 1976, unmanufactured tobacco exports may fall short of the 604 million pounds shipped in 1974/75, but the value is expected to rise. Volume totaled 438 million pounds (farm-sales weight) for July-January, 2 percent above a year earlier. Exports during the rest of the season may hold close to year-earlier levels due to larger supplies at steadier prices. Japan and several medium-size destinations took more tobacco, but major destinations, including the United Kingdom, and West Germany, took less U.S. tobacco than in July 1974-January 1975.

U.S. tobacco exports gained 5 percent in value to a record of \$1.25 billion in calendar 1975. The gain was largely due to higher prices. However, rising prices overseas have not blunted the rising sales trend for U.S. cigarettes. The declared value of U.S. cigarette exports rose to \$368 million in 1975, up one-fifth from 1974, reflecting an increase in both unit value and quantity. Along with other tobacco products, the manufactured export category reached \$401 million. Unmanufactured tobacco exports were worth \$852 million. Export weight of unmanufactured tobacco totaled 563 million pounds (equivalent to 634 million pounds, farm-sales weight).

The surplus in value of U.S. tobacco exports over imports held at almost \$1 billion. Unmanufactured tobacco imports for consumption increased 7 percent to 320 million pounds last year. The gain in leaf categories more than offset a decline in scrap tobacco imports. Last year's imports accounted for about one-fifth of the tobacco used in U.S. cigarette production, and a similarly high proportion is likely this year.

Flue-cured tobacco disappearance in the current marketing year (July 1975-June 1976) may gain over the previous year's 1.2 billion pounds. Domestic use is expected to rise slightly, although exports could fall below last year's level. The larger 1975 crop means carryover in mid-1976 may rise 175-200 million pounds from the 1.65 billion pounds carryin.

Flue-cured production could turn out 5-10 percent below last year's 1.41 billion pounds. This projection assumes an average crop outturn in relation to the effective quota. However, with the larger beginning stocks, next season's supply may run about 3 percent above the 3.1 billion pounds available in the current marketing year.

With larger domestic use and exports, total disappearance of burley tobacco in 1975/76 (October-September) may rise from last year's 586 million pounds. Reduced yields held back last year's production; the auction sales that ended in late February indicated a 1975 crop size of around 635 million, 4 percent above 1974. But burley carryover next October 1 won't change much from the year-earlier level.

USDA set the 1976 burley marketing quota at 630 million pounds. But the 1976 farm quota, reflecting 1975's large undermarketings, totals about 725 million pounds. This is 25 million below last season's effective quota but about 90 million pounds more than this season's marketings, so burley production may not change significantly.

Acreage allotments for fire-cured, dark air-cured, cigar binder and Ohio cigar filler were set for 1976 at the same levels as last year. Supplies remain near the normal supply level defined in quota legislation, so USDA may have to consider suspending quotas on these kinds for the 1976 crops.

## TOBACCO PRODUCTS

### Cigarette Consumption Records Another Gain

With a pickup in July-December, domestic consumption and exports of U.S. cigarettes reached new highs in 1975. This year, use is expected to increase slightly with an increase in the smoking age population. Per capita use may change little, and first half output is expected to rise from January-June 1975.

Output last year expanded 2½ percent from 1974's level of 635 billion cigarettes as manufacturers rebuilt inventories they worked off in 1974 (table 1). Total use of U.S. cigarettes increased 2 percent from the previous record set in 1974. Consumption per person, 18 and over, at 4,121 cigarettes (206 packs of 20) dropped 0.7 percent from 1974 (table 3)—about 5 percent below the 1963 peak

of 4,345 (217 packs of 20). Antismoking publicity continued at a moderate pace in 1975, but efforts to ban smoking in certain public and commercial buildings met with increased success.

U.S. exports of cigarettes in 1975 rose 7 percent in volume to another record. The declared value rose to \$368 million, up one-fifth, reflecting an increase in both unit value and quantity. Higher prices have not blunted the rising overseas sales trend for U.S. cigarettes.

The Public Health Smoking Act of 1969 requires the Federal Trade Commission (FTC) to submit an annual report and recommendations to Congress and the Department of Health, Education, and Welfare to report on the health aspects of smoking. As of March 1, neither of these reports had been issued.

Table 1.--Cigarettes: Output, removals, and consumption, 1962-75

Year	Output	Removals					Total
		Taxable	Tax-exempt				U.S.
			Total	Exports	Puerto Rico	Overseas	consump-
					and U.S.	forces	
					possessions	1/	2/
<hr/>							
			<u>Billions</u>				
1962	535.5	494.5	41.1	24.1	3.1	13.9	508.4
1963	550.6	509.6	41.1	23.6	3.2	14.3	523.9
1964	539.9	497.4	42.6	25.1	3.7	13.8	511.2
1965	556.8	511.5	44.2	23.1	3.9	17.2	528.7
1966	567.3	522.5	46.1	23.5	3.9	18.7	541.2
1967	576.2	527.8	49.0	23.7	3.9	21.4	549.2
1968	579.5	523.0	53.8	26.5	4.7	22.7	545.7
1969	557.6	510.5	47.1	25.0	3.7	18.4	528.9
1970	583.2	532.8	51.2	29.2	3.7	18.4	3/536.4
1971	576.4	528.9	49.2	31.8	2.7	14.7	3/550.0
1972	599.1	551.0	49.0	34.6	2.1	12.3	3/566.8
1973	644.2	590.3	55.9	41.5	2.0	12.4	3/589.7
1974	635.0	576.2	59.2	46.9	1.9	10.4	3/599.0
1975 4/	651.2	588.3	62.3	50.2	1.5	10.6	3/607.0

1/ Also includes ship stores and small tax-exempt categories. 2/ Taxable removals plus overseas forces. 3/ Includes estimated inventory changes. 4/ Subject to revision

Compiled from reports of the Bureau of Alcohol, Tobacco and Firearms, and the Bureau of the Census.

Table 2.--Cigars and smoking tobacco: Output, removals, and consumption, 1964-75

Year and item	United States factories			From			Total U.S.
	Output	Removals		Puerto	Imports	Exports	consumption
		Taxable	Tax- exempt	Rico			
							1/

1/ Total removals (or sales) from U.S. factories plus those from Puerto Rico, and imports, minus exports.

2/ Includes cigarillos. 3/ Subject to revision.

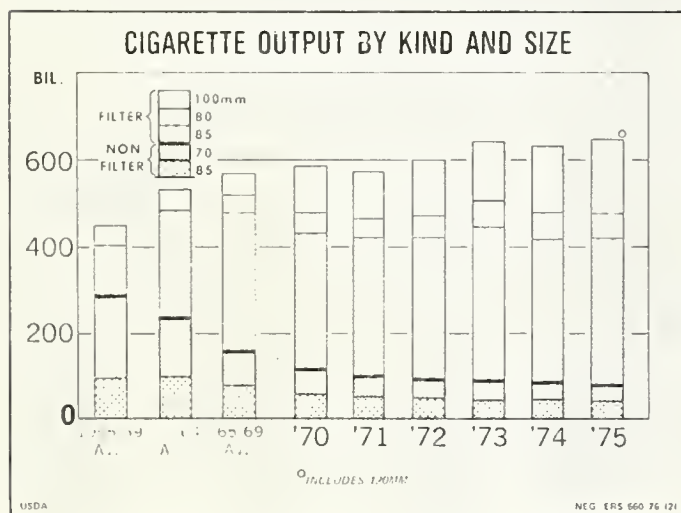
Compiled from reports of the Bureau of Alcohol, Tobacco and Firearms, Bureau of the Census, and Agricultural Marketing Service, USDA.



Table 3- Cigarette output of filter-tip and nonfilter-tip by length, 1973-75

Item	1973		1974		1975	
	Output	Percent of total	Output	Percent of total	Output	Percent of total
	Billions	Percent	Billions	Percent	Billions	Percent
<b>Filter-tip</b>						
70mm Regular .....	3.2	0.5	.1	---	---	---
80 mm Long .....	61.8	9.6	62.9	9.9	69.4	10.4
85 mm King .....	349.0	54.2	336.4	53.0	335.4	51.7
100 mm Extra long .....	136.0	21.1	151.1	23.8	157.6	24.2
120 mm .....	---	---	---	---	9.4	1.4
Total .....	550.0	85.4	550.5	86.7	570.8	87.7
<b>Nonfilter-tip</b>						
70 mm Regular .....	42.8	6.6	39.0	6.1	36.2	5.5
85 mm King .....	51.4	8.0	45.5	7.2	44.1	6.8
Total .....	94.2	14.6	84.5	13.3	80.3	12.3
<b>Grand total .....</b>	<b>644.2</b>	<b>100.0</b>	<b>635.0</b>	<b>100.0</b>	<b>651.2</b>	<b>100.0</b>

<sup>1</sup> Cigarettes having other lengths were included in the most nearly comparable group.



### Filters Continue Increasing

The annual Economic Research Service (ERS) survey of cigarette manufacturers indicated that the share for filter-tip cigarettes rose further in 1975 to 88 percent of total cigarette production—up from 87 percent in 1974. The gain was largely in the 120 millimeter (mm.) size that made up 1.4 percent of 1975 total output (table 4).

Except for the 100 mm. size and the new 120 mm. size which generally have smaller diameters filter-type cigarettes have a shorter tobacco column than nonfilter cigarettes. Over the last several years, the filter plugs were lengthened. Also, some standard length brands have smaller diameters. On balance, these factors have enabled manu-

Table 4-- Consumption per capita of tobacco products<sup>1</sup> in the United States (including overseas forces), 1966-1975

Year	Per capita 18 years and over				Per male 18 years and over			
	Cigarettes <sup>1</sup>		Snuff	All tobacco products <sup>1</sup>	Large cigars and cigarillos		Smoking tobacco <sup>2</sup>	Chewing tobacco <sup>2</sup>
	<i>Number</i>	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>	<i>Number</i>	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>
1966 .....	4,287	9.08	.23	11.12	136.1	2.41	1.13	1.05
1967 .....	4,280	8.86	.23	10.80	130.7	2.28	1.08	1.04
1968 .....	4,186	8.69	.21	10.59	126.5	2.15	1.11	1.05
1969 .....	3,993	8.11	.20	10.04	125.0	2.11	1.08	1.09
1970 .....	3,985	7.77	.19	9.68	125.3	2.08	1.15	1.06
1971 .....	4,037	7.75	.19	9.52	119.2	1.94	1.06	1.09
1972 .....	4,043	7.95	.18	9.65	108.9	1.74	1.00	1.08
1973 .....	4,148	7.92	.18	9.53	102.4	1.61	.88	1.10
1974 .....	4,141	7.90	.18	9.40	91.9	1.47	.87	1.13
1975 <sup>3</sup> .....	4,121	7.75	.17	9.14	82.4	1.32	.76	1.12

<sup>1</sup> Unstemmed processing weight. <sup>2</sup> Finished product weight. <sup>3</sup> Subject to revision.



facturers to substantially reduce tobacco requirements per 1,000 cigarettes. In 1975, U.S. cigarette manufacturers used an estimated 1.4 billion pounds of tobacco (farm sales weight), about 2 percent above 1974.

Since late last year major cigarette companies heavily promoted new and existing brands of low tar and nicotine cigarettes. Cigarettes containing 14 milligrams or less of tar account for about a tenth of the cigarette market. Sales of low tar and nicotine cigarettes are increasing at a faster rate than established types.

### Manufacturers Prices Up

Cigarette companies raised list prices last November. Yet the 7-percent increase in the average price of cigarettes last year was less than the 9-percent rise for all consumer items.

Only four States raised cigarette taxes in 1973 and 1974. Last year three States and the District of Columbia hiked their cigarette taxes. State cigarette tax rates (weighted by number of packs taxed) averaged about 12.6 cents per pack in December 1975, slightly above a year earlier. Excise tax increases are proposed this year in a few States. The Federal excise tax is 8 cents a pack. In addition, many local governments tax cigarettes (table 5). BLS (Bureau of Labor Statistics) index of retail

### Cigar Consumption Slumps in 1975

Consumption of *large cigars* (including cigarillos) continued to decline in the fourth quarter of 1975. Last year, U.S. smokers consumed about 5.8 billion, 9 percent less than in 1974 (table 2). The

### U.S. cigarette exports to leading destinations, 1973-75

Country	1973	1974	1975 <sup>1</sup>
	Billions	Billions	Billions
Belgium-Luxembourg . . . . .	3.8	4.8	7.5
Hong Kong . . . . .	4.8	5.2	4.4
Netherlands Antilles . . . . .	1.9	2.4	3.9
Japan . . . . .	1.8	3.1	3.5
Iran . . . . .	.6	.9	3.1
Saudi Arabia . . . . .	1.9	2.1	2.3
Spain . . . . .	3.3	2.4	2.0
Kuwait . . . . .	1.8	2.9	1.9
United Arab Emirates . . . . .	.6	1.1	1.7
Canary Islands . . . . .	.7	1.2	1.3
Syrian Arab Republic . . . . .	.5	.7	1.3
Lebanon . . . . .	2.3	2.3	1.0
Panama . . . . .	1.6	1.2	.9
Other countries . . . . .	15.9	16.6	15.4
Total . . . . .	41.5	46.9	50.2

<sup>1</sup> Subject to revision.

Compiled from publications and records of the Bureau of the Census.

cigar prices rose 4 percent last year. The consistent decline in cigar consumption over the past several years suggests this trend will continue.

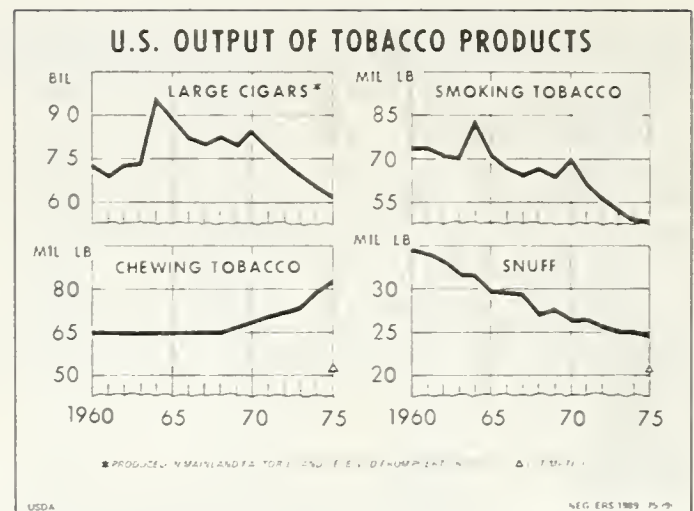
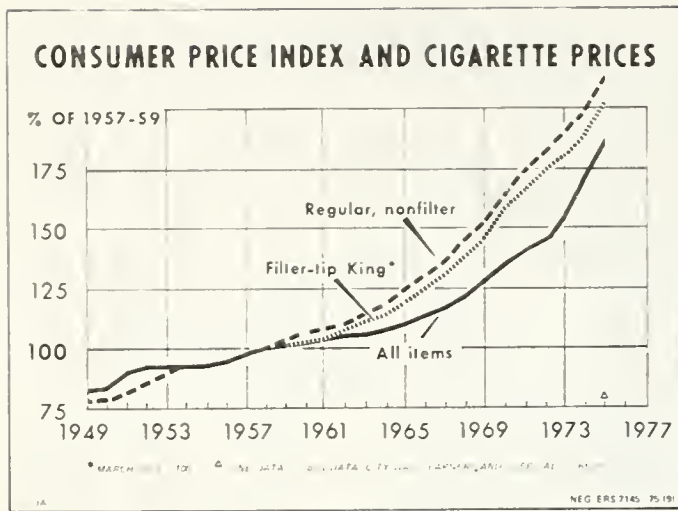
Last year's decline in consumption was in cigars and cigarillos retailing up to 15 cents each. Sales of the higher priced cigars continued the sharp upward trend of recent years.

Production of *small cigars* (not over 3 pounds per 1,000) declined to 2.9 billion pieces in 1975. The total was off one-tenth from 1974 and 30 percent below the 1973 record. Monthly output has been

Table 5—Wholesale cigarette price revisions, 1966 to date<sup>1, 2</sup>

Approximate date of change	Net price per 1,000				Net price per 1,000 excluding Federal excise tax			
	Standard	King size	Filter tips	100 millimeter	Standard	King size	Filter tips	100 millimeter
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
March 1966 . . . . .	9.00	9.20	9.20	--	5.00	5.20	5.20	5.20
June 1967 . . . . .	9.25	9.45	9.45	9.95	5.25	5.45	5.45	5.95
November 1968 . . . . .	9.45	9.45	9.45	9.95	5.45	5.45	5.45	5.95
May 1969 . . . . .	9.80	9.80	9.80	10.30	5.80	5.80	5.80	6.30
May 1970 . . . . .	10.25	10.25	10.25	10.75	6.25	6.25	6.25	6.75
February-March 1973 . . . . .	(10.45-10.60)	(10.45-10.60)	(10.45-10.60)	(10.95-11.10)	(6.45-6.60)	(6.45-6.60)	(6.45-6.60)	(6.95-7.10)
January 1974 . . . . .	10.60	10.60	10.60	11.10	6.60	6.60	6.60	7.10
May 1974 . . . . .	11.30	11.30	11.30	11.80	7.30	7.30	7.30	7.80
November 1974 . . . . .	(11.80-12.00)	(11.80-12.00)	(11.80-12.00)	(12.30-12.50)	(7.80-8.00)	(7.80-8.00)	(7.80-8.00)	(8.30-8.50)
November 1975 . . . . .	(12.55-12.75)	(12.55-12.75)	(12.55-12.75)	(13.05-13.25)	(8.55-8.75)	(8.55-8.75)	(8.55-8.75)	(9.05-9.25)

<sup>1</sup> Includes leading brands. A 3 percent discount is made for payment within 9 days or 2 percent within 14 days. <sup>2</sup> For 1943-63 see TS-151, March 1975.



Large cigars: Taxable removals by revenue class, 1974-75

Revenue class and retail price	1974	1975	Change from 1974
	<i>Billions</i>	<i>Billions</i>	<i>Percent</i>
A-D (up to 8 cents) . . . .	3.44	3.03	-11.9
E (over 8 to 15 cents) . . .	2.93	1.77	-8.6
F-G (over 15 cents) . . . .	.90	.97	+7.3
Total removals . . . . .	6.27	5.77	-8.1

trending downward ever since the heavy volume of the fourth quarter 1972. By the fourth quarter of 1974, output had slipped below a 3-billion annual rate. Sales of small cigars have declined in the absence of broadcast advertising.

### Smoking Tobacco Output and Use Falls

Smoking tobacco production last year totaled 46 million pounds, 6 percent below 1974. Sales of both pipe and roll-your-own tobacco declined (table 7). Estimated U.S. consumption of smoking tobacco—domestic sales plus imports—amounted to 52.6 million pounds, 12 percent below 1974. Domestic factories sold 9 percent less. This year, sales will do well to hold their own.

Based on factory shipments of cigarette papers (and allowing for probable wastage), the number of roll-your-own (tobacco) cigarettes smoked in 1975 declined almost 2 billion from 1974. Roll-your-own tobacco took an estimated 12 million pounds of smoking tobacco in 1975, about 23 percent of U.S. smoking tobacco consumption. Besides cigarette cut and granulated and sack tobacco, a portion of manufacturers' pipe tobacco sales was used in roll-your-own cigarettes (table 8).

Table 6—Tobacco demand factors, 1966-75

Year	Population July 1 <sup>1</sup>	Disposable personal income, per capita <sup>2</sup>		Consumer price indexes				
		Current prices	1972 prices	All items	Tobacco products	Cigarettes		Cigars, regular size
						Nonfilter tip, regular	Filtertip, king size	
	<i>Million</i>	<i>Dollars</i>	<i>Dollars</i>	1967=100	1967=100	1967=100	1967=100	1967=100
1966 . . . . .	126.3	2,597	3,274	97.2	96.3	96.0	96.3	98.6
1967 . . . . .	128.3	2,740	3,371	100.0	100.0	100.0	100.0	100.0
1968 . . . . .	130.4	2,930	3,464	104.2	106.3	106.9	106.4	101.3
1969 . . . . .	132.5	3,111	3,515	109.8	111.9	112.7	112.3	104.3
1970 . . . . .	135.2	3,348	3,619	116.3	122.2	122.4	122.5	105.4
1971 . . . . .	137.5	3,588	3,714	121.3	126.4	127.9	128.1	107.1
1972 . . . . .	139.8	3,837	3,837	125.3	133.4	134.8	135.4	110.8
1973 . . . . .	142.2	4,292	4,068	133.1	137.0	138.7	139.1	112.9
1974 . . . . .	144.6	4,642	3,981	147.7	143.8	145.5	145.9	119.5
1975 <sup>3</sup> . . . . .	147.3	5,040	4,012	161.2	153.9	156.0	156.5	124.0

<sup>1</sup> 18 years and older including armed forces overseas. <sup>2</sup> Based on total population. <sup>3</sup> Subject to revision.

Table 7—Smoking tobacco: Production and manufacturers' sales by category, 1974-75

Category	Manufactured		Invoiced					
	1974	1975	To domestic customers		For export <sup>1</sup>		Total	
			1974	1975	1974	1975 <sup>1</sup>	1974	1975
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Pipe .....	42.1	39.6	41.7	37.8	1.0	1.0	42.7	38.8
Granulated or sack .....	.6	.5	.5	.5	( <sup>2</sup> )	( <sup>2</sup> )	.5	.5
Cigarette cut .....	6.4	6.1	6.9	6.2	( <sup>2</sup> )	( <sup>2</sup> )	6.9	6.2
Total .....	49.1	46.2	49.1	44.5	1.0	1.0	50.1	45.5

<sup>1</sup>Sales for overseas shipment (to foreign markets and overseas forces). <sup>2</sup>Negligible.

Manufactured tobacco imports (mostly smoking tobacco) decreased 2 million pounds to 8.7 million pounds in 1975. Value remained at \$17 million. Sweden and the Netherlands are the principal sources.

### Smokeless Tobacco Output Stable

The 1-percent gain that manufacturers recorded in 1975 production of chewing tobacco was about offset in quantity terms by the 2.5-percent decline in snuff output. Of the chewing tobacco categories, fine-cut output increased while loose-leaf, plug, and twist chewing declined.

Manufacturers sell virtually all their chewing tobacco domestically. Invoiced domestic sales last year increased 1 percent and were the highest since 1954. The gain was for fine-cut loose leaf and twist. Plug sales continued to decline.

Snuff sales gained during 1975 while output edged below the 1974 level.

Tobacco products: Output 1973-75

Item	1973	1974	1975 <sup>1</sup>
	Million pounds	Million pounds	Million pounds
Chewing tobacco			
Plug .....	18.6	18.0	18.1
Twist .....	2.2	2.2	2.3
Fine cut .....	5.7	6.2	7.3
Loose leaf .....	47.6	52.9	52.2
Total .....	74.0	79.2	80.0
Snuff .....	25.3	25.0	24.4
Smoking tobacco in bulk (exports) .....	25.9	38.9	17.6
Small cigars (Million)	4,415	3,101	2,942

<sup>1</sup> Subject to revision. <sup>2</sup> Estimated.

Basic data compiled from reports of Bureau of Alcohol, Tobacco and Firearms, and Agricultural Marketing Service, USDA.

Table 8—Estimated number of roll-your-own cigarettes smoked and smoking tobacco consumed, 1970-75

Year	Smoking tobacco consumption					
	Roll-your-own cigarettes <sup>1</sup>	Total <sup>2</sup>	Used for—			
			Roll-your-own cigarettes		Pipe tobacco	
			Quantity	Percent of total	Quantity	Percent of total
	Billions	Million pounds	Million pounds	Percent	Million pounds	Percent
1970 .....	13.2	75	24	32	51	68
1971 .....	12.0	70	22	31	48	69
1972 .....	8.7	67	16	23	51	77
1973 .....	9.8	60	18	29	42	71
1974 .....	8.5	61	15	25	46	75
1975 <sup>3</sup> .....	6.6	53	12	23	41	77

<sup>1</sup> Derived from shipments of cigarette papers and tubes. <sup>2</sup> Includes imported tobacco. <sup>3</sup> Preliminary.



## U.S. EXPORTS AND IMPORTS

The United States is the world's leading tobacco exporter and the third largest importer. In 1960-64, about 30 percent of the U.S. tobacco crop was exported. Recently our exports have represented about 35 percent of the U.S. tobacco crop and about 25 percent of world tobacco exports. U.S. exports of tobacco products were valued at a record \$1,253 million in calendar year 1975, \$61 million over the previous record in 1974. This includes unmanufactured tobacco worth \$852 million and tobacco products of \$401 million. When value of imports are deducted, the surplus was maintained at almost \$990 million.

### Leaf Tobacco Exports Decline

U.S. exports of unmanufactured tobacco in 1975 fell 14 percent to 563 million pounds (export weight)—634 million pounds in farm-sales weight.

Exports of burley leaf set a calendar year record. However, exports of flue-cured and other tobaccos fell below the high levels of 1974 (table 9).

Last year the Commodity Credit Corporation (CCC) provided credit on 50 million pounds of commercial exports. Financing was authorized up to 36 months. The barter program remained inactive (table 10).

For the year ending June 30, 1976, U.S. exports of unmanufactured tobacco may fall short of the 604 million pounds shipped in 1974/75, but the value is expected to rise. July 1975-January 1976 exports of 390 million pounds (export weight) were down 1 percent, but exports for the rest of the fiscal year are expected to move near the year-ago levels. Shipping problems earlier in the winter delayed the seasonal bulge in exports until January. Despite little change in prices of export grades this season, U.S. prices remain well above those of competing countries. Egypt is expected to take about 9 million pounds under a P.L. 480 Title I dollar credit agreement.

### West Germany and Japan Share Lead

Japan's large purchases from the 1975 crop encountered shipping delays late last year, so West Germany became the leading export market for U.S. tobacco (quantity) in 1975. Japan's import value still edged out West Germany. The United Kingdom (U.K.) retained third place in both quantity and value.

Japan raised its cigarette prices in December which may temporarily slow the growth in their tobacco requirements. Increases in West German and U.K. taxes on tobacco have held down the takings by both those markets. Manufacturers in

European Community (EC) countries have preferential access to large supplies from the former overseas territories of EC countries and also many less developed countries. Still, the increase in sales

**Tobacco: Government program exports to leading destinations, years 1973-75**

Country	1973	1974	1975 <sup>1</sup>
	Million pounds	Million pounds	Million pounds
Foreign currency sales			
South Vietnam .....	15.2	13.4	1.9
Thailand .....	4.7	4.7	—
Cambodia .....	1.4	1.6	—
Philippines .....	—	1.9	—
Dollar credit			
Egypt .....	—	7.5	—
Israel .....	.4	—	—
Barter			
Denmark .....	20.0	.2	—
Taiwan .....	15.6	( <sup>2</sup> )	—
West Germany .....	15.1	—	—
United Kingdom .....	14.1	—	—
Japan .....	11.8	—	—
Thailand .....	3.9	2.5	—
Malaysia .....	3.9	—	—
Norway .....	4.7	2.1	—
Finland .....	4.0	( <sup>2</sup> )	—
Spain .....	4.4	.6	—
CCC credit sales			
United Kingdom .....	—	15.7	20.2
Egypt .....	.4	3.1	5.7
Malaysia .....	—	2.1	6.0
Australia .....	—	1.8	3.7
Zaire .....	1.2	1.6	—
Ireland .....	3.7	—	3.7
Philippines .....	2.7	—	3.4

<sup>1</sup> Subject to revision. <sup>2</sup> Less than 50,000 pounds.

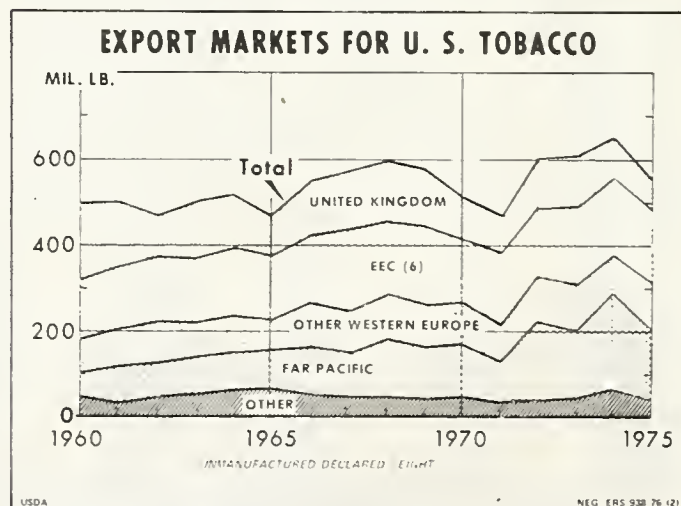


Table 9—United States exports of unmanufactured tobacco by types and to principal importing countries for specified periods

(Declared weight)						
Country and type	Average 1966-70	1972	1973	1974	1975 <sup>1</sup>	1975 as a percentage of 1974 <sup>2</sup>
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Percent</i>
Flue-cured .....	418.3	425.3	418.4	440.9	391.4	89
Burley .....	45.4	53.7	58.9	60.8	61.9	102
Maryland .....	12.3	11.0	9.6	10.9	4.1	38
Fire-cured, Ky. and Tenn. ....	20.0	20.6	18.4	19.4	14.9	77
Virginia fire- and sun-cured .....	5.0	5.0	3.0	6.0 <sup>3</sup>	3.3	55
Green River and One Sucker .....	1.2	.6	.4	1.0	.3	32
Black Fat .....	2.8	3.3	3.1	2.7	3.5	127
Cigar wrapper .....	3.3	3.1	2.1	2.9	4.3	149
Cigar binder .....	1.4	.1	.1	.1	.2	135
Cigar filler .....	.9	.3	.3	.6	.2	31
Perique .....	.2	.3	.2	.2	.1	68
Stems, trimmings, and scrap .....	51.0	82.9	98.0	105.9	78.9	74
<b>Total .....</b>	<b>561.9</b>	<b>606.1</b>	<b>612.5</b>	<b>651.4</b>	<b>563.0</b>	<b>86</b>
<b>Country of destination</b>						
United Kingdom .....	128.8	115.1	119.7	94.3	78.5	83
France .....	7.9	7.7	6.6	8.2	9.5	116
Belgium-Luxembourg .....	17.0	12.9	16.7	14.4	8.1	56
Netherlands .....	34.7	22.4	31.6	31.0	29.9	96
West Germany .....	99.3	99.3	99.3	97.1	91.0	94
Denmark .....	18.1	20.8	37.0	12.6	16.4	131
Ireland .....	12.7	14.3	8.9	10.2	8.2	81
Switzerland .....	22.8	23.5	31.4	21.3	25.9	122
Finland .....	5.4	5.3	6.1	4.0	8.0	200
Norway .....	8.5	7.0	5.7	5.4	5.6	105
Sweden .....	18.5	20.5	17.1	14.5	15.3	105
Italy .....	7.7	23.1	21.8	24.3	31.5	130
Spain .....	4.3	4.6	4.3	8.0	9.5	119
Thailand .....	22.8	30.5	8.6	20.6	18.7	91
South Vietnam .....	11.5	18.9	14.6	13.7	1.9	14
Malaysia .....	10.1	8.4	8.0	11.9	7.1	60
Philippines .....	7.0	9.5	8.8	11.3	11.8	105
Taiwan .....	7.3	14.2	16.7	23.8	16.0	67
Japan .....	43.5	87.3	79.0	109.6	81.5	74
Australia .....	16.0	14.8	13.9	18.7	15.5	83
New Zealand .....	4.5	4.4	5.3	4.8	5.0	103
Egypt .....	3.4	.9	2.4	12.3	10.4	85
Libya .....	1.6	1.0	2.9	12.8	4.6	36
Other countries .....	48.5	39.8	46.1	66.7	53.1	80
<b>Total .....</b>	<b>561.9</b>	<b>606.1</b>	<b>612.5</b>	<b>651.4</b>	<b>563.0</b>	<b>86</b>

<sup>1</sup> Subject to revision. <sup>2</sup> Computed from unrounded data. Detail may not add to total due to rounding. <sup>3</sup> Includes 2.2

million pounds misclassified. Compiled from publications and records of the Bureau of the Census.

Table 10—Exports of unmanufactured tobacco under Government financed programs and commercial sales, 1955-59 average, 1960-75 annual

Calendar year	Government financed exports				Commercial exports				Total unmanu- factured tobacco exports
	Title I, P.L. 480		Mutual Security and A.I.D.	Total	Barter <sup>1</sup>	Dollar sales		Total	
	Foreign currency sales	Long-term dollar credit sales				CCC short term credit	Other		
	Quantity (export weight)								
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Average: 1955-59 .....	49.0	---	2.9	51.9	4.0	---	443.9	447.9	499.8
1960 .....	31.2	---	22.8	54.0	27.3	---	414.8	442.1	496.1
1961 .....	26.0	---	20.5	46.5	61.3	---	393.2	454.5	501.0
1962 .....	28.5	0.4	.4	29.3	50.3	---	389.3	439.6	468.0
1963 .....	35.6	3.4	---	39.0	14.9	1.0	450.6	466.5	505.5
1964 .....	37.9	3.5	4.3	45.7	19.5	---	449.3	468.8	514.5
1965 ... ..	29.7	2.9	1.7	34.3	54.9	.3	378.6	433.8	468.1
1966 ... ..	25.8	1.0	4.3	31.1	86.0	15.8	418.3	520.1	551.2
1967 .....	17.4	5.9	2.5	25.8	91.4	10.8	444.3	546.5	572.3
1968 .....	20.1	12.1	.3	32.5	92.7	13.5	460.1	566.3	598.8
1969 .....	16.5	15.2	---	31.7	117.2	35.8	392.8	545.8	577.5
1970 .....	12.6	10.4	---	23.0	122.8	58.6	306.0	487.4	510.4
1971 .....	19.3	1.2	---	20.5	143.0	51.3	258.5	452.8	473.3
1972 .....	24.4	2.6	---	27.0	207.4	40.0	331.7	579.1	606.1
1973 .....	21.3	.7	---	22.0	119.4	11.3	459.8	590.5	612.5
1974 .....	21.7	7.5	---	29.2	5.9	28.2	588.1	622.2	651.4
1975 <sup>2</sup> .....	1.9	---	---	1.9	---	49.9	511.2	561.1	563.0
Value									
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
Average: 1955-59 .....	35.3	---	1.6	36.9	2.3	---	310.7	313.0	349.9
1960 .....	22.0	---	17.8	39.8	21.0	---	318.5	339.5	379.3
1961 .....	20.4	---	16.5	36.9	35.2	---	318.8	354.0	390.9
1962 .....	22.2	0.6	.3	23.1	31.1	---	319.2	350.3	373.4
1963 .....	25.1	2.9	---	28.0	9.1	0.7	365.3	375.1	403.1
1964 .....	24.3	3.7	2.8	30.8	11.9	---	370.2	382.1	412.9
1965 .....	19.4	2.5	1.4	23.3	38.8	.2	320.4	359.4	382.7
1966 .....	19.2	.8	3.8	23.8	65.7	14.0	378.0	457.7	481.5
1967 .....	15.2	4.5	2.0	21.7	79.9	9.4	387.3	476.6	498.3
1968 .....	17.3	10.2	.3	27.8	92.4	11.7	392.5	496.6	524.4
1969 .....	14.9	13.6	---	28.5	121.6	36.1	353.5	511.2	539.7
1970 .....	13.1	8.8	---	21.9	130.2	63.4	273.0	466.6	488.5
1971 .....	19.0	1.4	---	20.4	155.3	54.6	231.7	441.6	462.0
1972 .....	25.3	3.0	---	28.3	243.3	42.5	324.7	610.5	638.8
1973 .....	24.3	.7	---	25.0	144.4	12.1	499.3	655.8	680.8
1974 .....	27.4	9.5	---	36.9	6.8	40.4	748.0	795.2	832.1
1975 <sup>2</sup> .....	2.6	---	---	2.6	---	73.3	775.9	849.2	851.8

<sup>1</sup> Government-financed for strategic materials, 1958-62. <sup>2</sup> Subject to revision.



of American blend cigarettes containing U.S. leaf has meant several destinations such as Denmark, Italy, Sweden, and Switzerland took more U.S. leaf.

Due to the change in government, there have been no exports to South Vietnam since early last year. Other major markets for the United States in Asia such as Australia, Taiwan, Thailand, and Malaysia decreased takings. In Africa, Egypt and Libya accounted for the decline in shipments.

Flue-cured exports made up seven-tenths of the total volume. These exports decreased 11 percent. EC countries took 2 percent less, but shipments to Japan and several countries in southeast Asia were down sharply.

The 2-percent gain in burley exports reflected rising output of U.S.-type cigarettes outside the EC. Japan, the Philippines, and Thailand took more burley than a year earlier. However, shipments to the EC, which usually takes around a half of our exports, were down 3 percent. Maryland tobacco exports decreased sharply; takings by Switzerland, a major market, decreased 4.4 million pounds.

### Bulk Smoking Tobacco Exports Slump

U.S. exports of bulk smoking tobacco in 1975 were 17.6 million pounds, 21.3 million pounds under the 1974 record. Volume and value (\$24.9 million) were both off by about 55 percent. This export category includes specially prepared cigarette leaf and cut or shredded tobacco from U.S. and foreign sources (domestically processed). It also includes processed sheet, blended strips, and stemmed tobaccos of more than one kind—principally blended flue-cured and burley.

U.S. manufacturers ship this tobacco abroad to affiliates, licensees, and marketing companies. Sales of U.S.-type blended cigarettes have gained at a higher rate than cigarette sales generally. As sales have risen, many U.S. firms have added leaf processing and blending capacity overseas.

### Imports Gain

Imports of unmanufactured tobacco for consumption (withdrawals from bond and duty-paid releases for manufacture immediately upon arrival) surpassed 1974's record. The total of 320 million pounds was up 7 percent over 1974 (table 11). Among major classes, cigarette leaf accounted for most of the gain, but stems and cigar leaf and scrap were also up. Cigarette scrap declined. Flue-cured and burley leaf were up 14 million pounds (from 22 million).

Cigarette leaf imports set a record. This category is Oriental, flue-cured and burley tobacco with an average value of 75 cents per pound. Turkey,

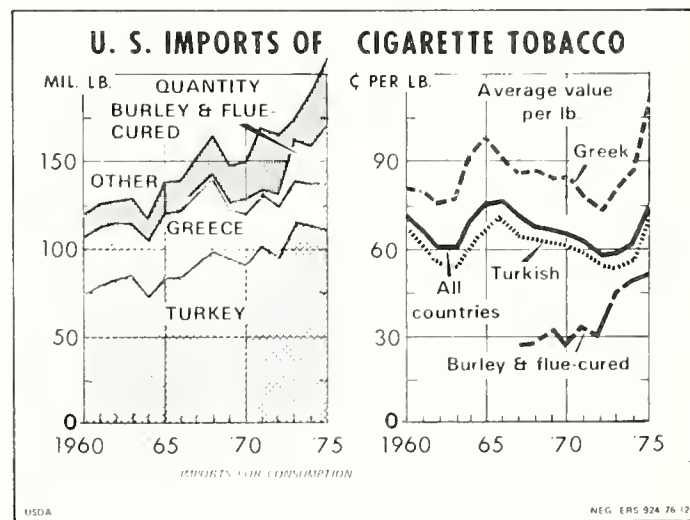
U.S. bulk smoking tobacco exports to leading destinations, 1973-75

Country	1973	1974	1975 <sup>1</sup>
	Million pounds	Million pounds	Million pounds
Canary Islands .....	0	4.3	.1
Italy .....	1.0	( <sup>2</sup> )	( <sup>2</sup> )
Dominican Republic .....	1.3	2.0	2.7
Switzerland .....	2.1	12.9	5.3
Netherlands .....	9.7	3.2	.3
Spain .....	1.8	2.8	1.7
Peru .....	.9	.5	.3
Ecuador .....	.8	1.3	.8
Finland .....	2.1	2.8	1.3
Australia .....	1.0	1.6	.5
Other countries .....	5.2	7.5	4.6
Total .....	25.9	38.9	17.6

<sup>1</sup> Subject to revision. <sup>2</sup> Less than 50,000 pounds.

Compiled from publications and records of the Bureau of the Census.

Greece, and Yugoslavia are principal suppliers. The gain in 1975 was divided between flue-cured and burley leaf imports valued at 51 cents per pound and the Oriental leaf at 79 cents a pound. Last year's imports accounted for about one-fifth of the tobacco used in U.S. cigarette production, and a similar high proportion is likely this year.



General imports of tobacco (direct entry plus placements in bonded warehouses for later factory use) gained 9 percent. Scrap imports from countries that grow cigar tobacco gained while less scrap came from cigarette tobacco origins. The increase in cigarette leaf occurred in both flue-cured and burley leaf and in Oriental leaf categories.

Table 11--U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, 1973-75

(Declared weight)								
Classification and country of origin	Imports for consumption				General imports (arrivals)			
	1973	1974	1975	1975 as a percentage of 1974	1973	1974	1975	1975 as a percentage of 1974
	-- Million pounds --				-- Million pounds --			
				Percent				Percent
<u>Cigarette tobacco:</u>								
Leaf, unstemmed								
Oriental								
Turkey	114.9	112.5	111.4	99	123.1	93.9	69.6	74
Greece	24.8	24.3	26.5	110	12.1	16.8	18.8	112
Yugoslavia	15.6	16.5	13.4	81	13.4	15.7	15.6	99
Lebanon	8.9	9.0	9.2	102	13.5	7.0	10.9	156
Other countries	3.7	3.6	15.0	416	19.1	29.0	54.7	189
Flue-cured and burley	6.2	22.1	36.4	165	38.8	52.9	79.9	151
Subtotal	174.1	188.0	211.9	113	220.0	215.3	249.5	116
<u>Scrap</u>								
Turkey	7.2	6.7	5.8	87	6.1	7.7	8.5	110
Other countries <u>2/</u>	17.0	28.2	18.0	64	18.2	33.1	23.8	72
Total	198.3	222.9	235.7	106	244.3	256.1	281.8	110
<u>Cigar tobacco:</u>								
Wrapper	1.1	1.2	1.5	117	1.6	2.2	2.0	91
Filler-stemmed and unstemmed								
Dominican Republic	2.1	2.1	2.0	95	11.4	11.3	12.5	111
Other countries	9.0	8.8	11.5	131	39.6	31.5	25.2	80
Subtotal	11.1	10.9	13.5	124	51.0	42.8	37.7	88
<u>Scrap</u>								
Philippine Republic	14.5	24.2	13.5	56	14.0	16.6	16.6	101
Colombia	6.7	3.6	5.0	139	3.5	3.0	2.4	80
Dominican Republic	8.0	6.7	9.2	137	2.4	2.0	2.0	100
Brazil	10.8	9.8	11.4	116	6.3	3.1	3.3	106
Other countries	14.0	16.6	21.2	128	16.9	19.8	25.8	130
Subtotal	54.0	60.9	60.3	99	43.1	44.5	50.1	113
Total	66.2	73.0	75.3	103	95.7	89.5	89.8	100
Stems	9.0	4.0	9.3	232	6.8	4.0	9.6	240
Grand total	273.6	299.9	320.3	107	346.8	349.6	381.1	109

1/ Preliminary.

2/ Canada, Mexico, Yugoslavia, Greece, Cyprus, Syria, Lebanon, India, Thailand, Korea, Angola, Mozambique, Zambia, Malawi.

Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

Since tobacco arrivals exceeded factory use, larger stocks of imported tobacco were held in the United States on January 1, 1976. The gain for cigarette tobacco was 22 million pounds or about 4

percent above a year earlier. The rise was in flue-cured and burley leaf; Oriental leaf stocks declined. The level of imports dropped sharply in the final quarter of last year since stocks changed little.

## TOBACCO LEAF SITUATION AND OUTLOOK<sup>1</sup>

### HIGHLIGHTS

A larger crop and carryover raised the supply of domestic leaf tobacco in 1975/76 to 5.2 billion pounds or 5 percent above the previous year. By January 1, nonfarm leaf stocks had increased 7 percent over a year earlier. By mid-1976, at the end of the current marketing year, stocks may rise a similar percentage or about 200 million pounds above the beginning 3 billion pounds. With smaller quotas this year, farmers may decrease acreage and produce a little less tobacco than last year's

2,184 million pounds. The 1975 crop was the largest since 1964.

Effective (farm) quotas<sup>2</sup> are down for both flue-cured and burley tobacco, in each case due to smaller basic quotas. If the average historical relationship between poundage quotas and grower marketings prevails, the flue-cured crop will drop about 5 percent and the burley crop will be about the same size (table 12).

All tobacco types except Maryland, Pennsylvania filler, shade-grown cigar wrapper, and perique are under quotas. Acreage allotments are

<sup>1</sup>All quantities in this section are farm-sales weight equivalent unless otherwise noted.

<sup>2</sup>Basic quota adjusted for overmarketings and undermarketings of 1975 farm quotas.

Table 12—Flue-cured and burley tobacco: Marketing quota and marketings, 1965-76

Year	Quota		Marketings				Net Carryover <sup>2</sup>
	Basic	Effective	Actual	Over-quota	Under-quota	Effective under quota <sup>1</sup>	
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
Flue-cured, types 11-14							
1965 .....	1,126.0	1,124.4	1,055.5	27.1	96.0	91.2	64.0
1966 .....	1,135.0	1,199.0	1,107.9	35.0	126.1	111.1	76.1
1967 .....	1,126.3	1,202.4	1,247.5	77.9	30.8	18.4	-59.5
1968 .....	1,127.5	1,067.9	996.4	26.5	96.6	86.1	59.6
1969 .....	1,127.4	1,187.0	1,052.1	26.6	157.9	145.9	119.3
1970 .....	1,071.5	1,190.8	1,178.2	65.1	71.2	63.4	-1.7
1971 .....	1,071.6	1,069.9	1,076.3	60.4	49.9	45.8	-14.5
1972 .....	1,071.2	1,056.7	1,022.1	41.2	72.9	68.1	26.8
1973 .....	1,178.7	1,205.6	1,159.0	54.8	100.5	95.3	40.5
1974 .....	1,296.6	1,337.1	1,245.3	50.0	138.9	132.4	82.5
1975 .....	1,491.4	1,572.0	<sup>3</sup> 1,414.7	51.0	203.2	192.3	141.3
1976 .....	1,268.1	<sup>4</sup> 1,409.4					
Burley, type 31							
1971 .....	555.1	553.0	471.5	9.7	91.1	89.7	80.1
1972 .....	531.5	611.5	588.6	30.7	45.7	44.6	13.9
1973 .....	559.7	573.6	460.7	11.3	113.1	111.7	100.3
1974 .....	606.5	706.8	610.4	23.0	118.9	104.0	81.0
1975 .....	669.5	<sup>4</sup> 750.4	<sup>3</sup> 638.3				<sup>5</sup> 100.0
1976 .....	<sup>3</sup> 636.0	<sup>5</sup> 736.0					

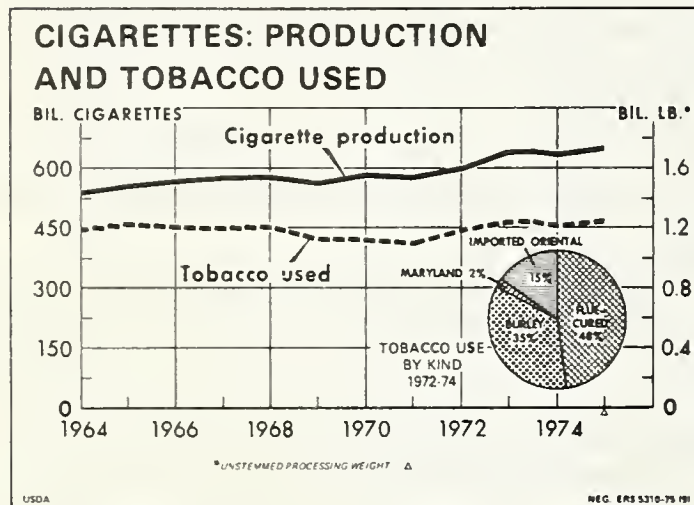
<sup>1</sup>Under quota marketing less ineligible carryover. <sup>2</sup>Effective under quota marketings less over quota marketings. <sup>3</sup>Preliminary. <sup>4</sup>Subject to revision.

Compiled from records and reports of Tobacco and Peanut Division, ASCS.



about the same as last year for Virginia and Kentucky-Tennessee fire-cured, sun-cured, dark air-cured, and cigar filler and binder (types 42-44 and 53-55).

Production of all types of U.S. and Puerto Rican tobaccos based upon this year's quotas would total around 2.1 billion pounds, slightly below last year. The Statistical Reporting Service (SRS) will publish growers' intentions (as of April 1) for tobacco acreage on April 15, 1 month later than usual. During the past 5 years the SRS March 1 intentions averaged 1 percent less than the harvested acreage of all tobacco finally reported.



### Production Costs May Rise

For the 1976 crop year, tobacco production costs will again increase, primarily due to higher wage rates and machinery and equipment prices. Some increases are also expected for electricity, gas, and curing fuel. Herbicides, insecticides, and other chemicals are in adequate supply at prices near the 1975 season levels. Interest rates have dropped. Fertilizer supplies are ample, and prices have been declining.

The net effect of these changes will boost the cost per pound for the 1976 crop, but the increase will likely be less than experienced last year. Once the harvest and curing is in full swing, a better cost estimate can be made.

### 1976 Price Support Program

The 1976 price support program for tobacco is expected to be similar to previous years. Price support is made available to eligible producers through nonrecourse loans to producer associations. To receive price support, tobacco producers certify that they did not use DDT, TDE, toxaphene, and endrin insecticides. As a condition for price

support for flue-cured tobacco since 1974, USDA requires growers to designate a warehouse where they intend to sell their tobacco. Further changes are proposed, primarily relating to redesignation during the auction season. Last year growers redesignated 164 million pounds or 10 percent of initial designated quantity.

Flue-cured tobacco: Redesignation summary, 1975 season

Category	Amount
	<i>Million pounds</i>
Voluntary .....	124.0
Quota transfer .....	34.2
Warehouse sales close .....	4.4
Other .....	1.9
Total .....	164.5

Compiled from the records of Program Operations Division, ASCS.

Support prices for the 1976 crop are up 13.7 percent over 1975 as required by law. This increase reflects higher prices for goods and services bought by farmers during the past 3 calendar years (1973-75), compared with 1959 average prices paid. Grade loan rates are announced before the marketing season opens.

Growers of fire-cured and dark air-cured tobaccos approved marketing quotas and therefore price support will be available for their 1976, 1977,

Computations of price support level adjustment factor for tobacco, 1960-76

Crop year	Parity Index <sup>1</sup>		Price support level adjustment factor <sup>3</sup>
	Previous calendar year	3-year average <sup>2</sup>	
	1910-14=100		1959=100
1960 .....	298	293	( <sup>4</sup> )
1961 .....	300	297	100
1962 .....	302	300	101
1963 .....	307	303	102
1964 .....	312	307	103
1965 .....	313	311	104
1966 .....	321	315	106
1967 .....	334	313	108
1968 .....	342	332	111
1969 .....	355	344	115
1970 .....	373	357	120
1971 .....	390	373	125
1972 .....	410	391	131
1973 .....	432	411	138
1974 .....	496	446	150
1975 .....	578	502	168
1976 .....	632	569	191

<sup>1</sup> Index of prices paid by farmers, including wage rates, interest and taxes. <sup>2</sup> 3 calendar years immediately preceding. <sup>3</sup> 3-year average parity index divided by 1959 parity index. <sup>4</sup> Act of February 20, 1960 price support at the 1959 level.

and 1978 crops. Growers of flue-cured, burley, cigar binder, Ohio filler, and Virginia sun-cured tobaccos approved marketing quotas applicable to the 1976 crop in previous referendums. However, growers of Maryland and Pennsylvania filler tobaccos disapproved marketing quotas in referendums held in February 1974. Hence, price supports are not available for these two types through 1976.

USDA may consider terminating, i.e., suspending, quotas on the 1975 crops of fire-cured, dark air-cured, and cigar tobaccos. When quotas result in tobacco supplies falling short of normal requirements, USDA can investigate, hold hearings, and increase or suspend quotas. USDA has suspended allotments for cigar binder (types 51-52) every year since 1970. Price supports remain in effect when quotas are suspended.

Hearings were held by the Tobacco Subcommittee, House Agriculture Committee, in February on S.700, a bill to authorize lease and transfer of flue-cured allotments across county lines within the same State (except in North Carolina). A majority of growers would have to approve in a referendum on a State-by-State basis. Present legislation provides for lease and transfer of allotments and quotas to other farms in the same county. In addition, sale of fire-cured and dark air cured tobacco allotments are authorized to other farms in the same county. In the case of types 21 and 37—fire-cured and dark air-cured tobaccos produced in Virginia—allotments can be sold or leased to other farms in another county in the same State.

#### **Nonquota Tobacco in Quota Areas**

About 160,000 pounds of tobacco was offered for sale at Abingdon, Va., on February 18 as Maryland tobacco (type 32) but USDA inspectors classified most of the lots as burley. Public Law 93-411 enacted in September 1974 specifies that producers who grow nonquota tobacco in quota areas will be subject to the prevailing quota when the tobacco has any characteristics of the quota kind. An appeal inspection was held March 2 and the Department's interpretation of the law is being contested in Federal Court. Some previously scheduled inspections of Maryland-type tobacco grown in Tennessee and Kentucky have been postponed at the request of the applicants.

## **FLUE-CURED**

#### **Utilization May Gain**

*Domestic disappearance* of flue-cured tobacco (types 11-14) during 1975/76 is expected to gain from last season's 652 million pounds. During the

first half of the current marketing year, domestic disappearance gained 4 percent from a year earlier. Cigarette output for July-December was 8 percent higher than in the comparable period of 1974/75, and is expected to rise in January-June 1976 above a year earlier.

*Exports* so far this marketing year moved above last season's level with a large January shipment. The July 1975-January 1976 exports of 378 million pounds are running 8 percent above the 1969-73 average for that period. Exports for the rest of the season may remain about the same as last season. For the first 7 months, exports to Sweden and Australia recorded gains. Shipments to the EC were down 7 percent, and Japan was up 6 percent. The U.K. took 7 percent less and Germany 6 percent more (table 25).

#### **Carryover to Increase**

The larger 1975 crop will surpass disappearance this crop year. This means that the flue-cured carryover on July 1 will gain from the 1,652 million pounds of mid-1975.

Manufacturers and dealers have bought only limited amounts from CCC loan stocks this season to supplement their auction purchases. During July 1975-February 1976, 18 million pounds of flue-cured tobacco were sold from loan stocks, compared with 77 million the same period a year earlier. Unsold loan stocks on March 1 of 341 million pounds were substantially above those of the past 2 years, but were still below the 1973 levels.

#### **Crop to Decrease**

The basic quota for 1976 is 15 percent lower, but adding net undermarketings gives an effective quota of 1,409 million pounds, about 10 percent below 1975's quota (table 13). By States, the change from last year's effective quota ranges from a decrease of 17 percent in the Border Belt (S.C.-N.C.) to a decrease of 2 percent in the Old and Middle Belt (N.C.-Va.).

A smaller crop is expected. Historically, producers have marketed an average of 95 percent of poundage quotas, although acreage has been only 86 percent of acreage allotments (1969-74). Thus the effective quota multiplied by the 95 percent historical relationship gives a projected 1976 production of about 1,340 million pounds, around 5 percent below 1975.

The projected crop plus the anticipated carryover indicates a 1976/77 supply of about 3 percent above the 3.1 billion pounds available in the current marketing year (table 14).



Table 13—Flue-cured tobacco: Effective farm quotas, final designation, and marketings, 1974-76<sup>1</sup>

Type and State	Effective Farm Quotas				Final designation		Marketings	
	1974	1975	1976	Change from 1975 <sup>3</sup>	1974	1975	1974	1975
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Percent</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
11-Virginia .....	119	140	139	-0.4	155	174	112	112
11-North Carolina ..	285	367	358	-2.3	317	382	272	271
Total .....	404	506	497	-1.8	472	556	383	383
12-North Carolina ..	452	545	470	-13.8	462	570	397	528
13-North Carolina ..	112	139	114	-18.0	135	162	102	135
13-South Carolina ..	174	187	155	-16.9	186	191	171	189
Total .....	286	326	269	-17.4	321	353	273	323
14-Alabama .....	1	1	1	-5.1	—	—	1	1
14-Florida .....	31	36	32	-8.8	34	35	24	28
14-Georgia .....	163	157	139	-11.8	184	178	160	151
Total .....	195	194	173	-11.2	218	213	186	180
Total, types 11-14	1,337	1,572	1,409	-10.3	1,472	1,691	1,239	1,415

<sup>1</sup> Data may not add to totals due to rounding. <sup>2</sup> Growers were allowed to designate 110 percent of their effective quotas. <sup>3</sup> Computed from unrounded data.

Compiled from reports from Tobacco Division, Agricultural Marketing Service and Program Operations Division and Tobacco and Peanut Division, Agricultural Stabilization and Conservation Service.

#### Flue-cured tobacco: Acreage allotted and underproduction, 1960-76

Year	Acreage allotted <sup>1</sup>	Under production <sup>2</sup>	
		Number	As percent of allotments
	<i>Thousands acres</i>	<i>Thousands acres</i>	<i>Percent</i>
1960 .....	713.3	21.6	3.0
1961 .....	714.2	15.7	2.2
1962 .....	745.2	15.4	2.1
1963 .....	708.5	14.0	2.0
1964 .....	638.2	10.7	1.7
1965 .....	606.6	44.3	7.3
1966 .....	644.9	38.0	5.9
1967 .....	644.7	34.5	5.4
1968 .....	578.2	45.2	7.8
1969 .....	640.9	64.1	10.0
1970 .....	638.7	54.6	8.5
1971 .....	572.1	46.3	8.1
1972 .....	562.3	48.7	8.7
1973 .....	642.4	67.3	10.5
1974 .....	725.9	109.6	15.1
1975 .....	854.8	137.6	16.1
1976 .....	765.0		

<sup>1</sup> Basic allotment adjusted for overmarketings and undermarketings, 1966 to present. <sup>2</sup> Acreage allotted minus harvested acres.

Compiled from records and reports of Tobacco and Peanut Division, ASCS and Statistical Reporting Service.

## BURLEY

### Basic Quota Cut; Crop May Not be Cut

The 1976 basic quota for burley tobacco is 636 million pounds, 5 percent smaller than last year. The cut was the maximum allowed by law and should maintain a supply adequate to meet demand. Marketings from the 1975 crop will total near the estimate of 638 million pounds, up 4 percent from the 1974 crop. Nevertheless, net undermarketings were 12 percent of the 1975 effective quota and were about the same in volume as 1974's shortfall. The carryover brings the effective farm quota for 1976 to around 736 million pounds—2 percent below the effective quota for the 1975 crop.

Growers have the incentive of higher support prices that go above the 1975 market average price and an effective quota large enough to reproduce the 1975 crop. So this year's crop may turn out about the same. In the last 5 years growers marketed about 86 percent of the effective quota. Such a crop in 1976 would provide a little larger supply than in the current marketing year.

### Supply Increases

The 1975 crop was smaller than March 1 intentions indicated. Even so, the 1975/76 burley supply reached 1.73 billion pounds, 3 percent above



Table 14— Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1966-76

(Farm-sales weight)

Marketing year	Acreage harvested	Yield per acre	Production	Beginning stocks <sup>1</sup>			Total supply
				Manufacturers and other	Under loan	Total	
	Thousand acres	Pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Flue-cured, types 11-14							
1966 .....	607.0	1,825	<sup>1</sup> 1,107.9	1,602.5	836.4	2,438.9	3,546.8
1967 .....	610.3	2,070	<sup>2</sup> 1,250.0	1,587.1	685.4	2,272.5	3,522.5
1968 .....	533.0	1,841	<sup>2</sup> 995.6	1,528.1	773.4	2,301.5	3,297.1
1969 .....	576.8	1,825	<sup>1</sup> 1,052.8	1,299.6	800.5	2,100.1	3,152.9
1970 .....	584.1	2,042	<sup>2</sup> 1,178.1	1,227.5	744.9	1,972.4	3,150.5
1971 .....	525.8	2,050	<sup>2</sup> 1,076.3	1,214.5	761.9	1,976.4	3,052.7
1972 .....	513.6	1,971	<sup>2</sup> 1,022.1	1,292.4	617.8	1,910.2	2,932.3
1973 .....	575.1	2,011	<sup>2</sup> 1,159.0	1,347.0	402.3	1,749.3	2,908.3
1974 .....	616.3	2,014	<sup>2</sup> 1,245.1	1,330.6	276.7	1,607.3	2,852.4
1975 <sup>3</sup> .....	717.2	1,970	<sup>2</sup> 1,414.7	1,471.9	179.9	1,651.8	3,066.5
1976 <sup>4</sup> .....			<sup>5</sup> 1,340.0	1,491.5	340.0	1,831.5	3,171.5
Burley, type 31							
1966 .....	240.7	2,437	586.7	1,133.4	261.9	1,395.3	1,982.0
1967 .....	237.7	2,274	540.6	1,104.8	276.7	1,381.5	1,922.1
1968 .....	237.6	2,372	563.4	1,002.4	321.7	1,324.1	1,887.5
1969 .....	237.7	2,488	591.4	975.7	340.8	1,316.5	1,907.9
1970 .....	216.4	2,590	560.5	887.9	454.8	1,342.7	1,903.2
1971 .....	213.5	2,213	472.6	882.4	468.4	1,345.8	1,818.4
1972 .....	235.6	2,552	<sup>2</sup> 590.3	920.9	327.6	1,248.5	1,838.8
1973 .....	222.1	2,028	<sup>2</sup> 461.4	952.5	276.7	1,229.2	1,690.6
1974 .....	260.7	2,350	<sup>2</sup> 610.4	931.5	139.2	1,070.7	1,681.1
1975 <sup>3</sup> .....	278.5	2,292	<sup>5</sup> 638.3	1,082.4	12.0	1,094.4	1,732.7
1976 <sup>4</sup> .....			<sup>5</sup> 635.0	1,072.7	50.0	1,122.7	1,759.7
Disappearance							
			Exports	Average price per pound	Price support level	Placed under Government loan	
Total		Domestic				Quantity	Percentage of crop
	Million pounds	Million pounds	Million pounds	Cents	Cents	Million pounds	Percent
Flue-cured, types 11-14							
1966 .....	1,274.3	687.2	587.1	66.9	58.8	74.6	6.8
1967 .....	1,221.0	687.7	533.3	64.2	59.9	282.1	22.6
1968 .....	1,197.0	671.7	525.3	66.6	61.6	128.8	12.9
1969 .....	1,180.5	645.9	534.6	72.4	63.8	97.6	9.3
1970 .....	1,174.1	640.1	534.0	72.0	66.6	144.2	12.2
1971 .....	1,142.5	662.5	480.0	77.2	69.4	55.7	5.2
1972 .....	1,183.0	664.2	518.8	85.3	72.7	24.3	2.4
1973 .....	1,301.0	703.0	598.0	88.1	76.6	30.7	2.7
1974 .....	1,200.6	652.3	548.3	105.0	83.3	24.7	2.0
1975 .....	<sup>4</sup> 1,235.0	<sup>4</sup> 710.0	<sup>4</sup> 525.0	<sup>3</sup> 100.0	93.2	264.2	18.7
1976 .....					<sup>4</sup> 106.0		
Burley, type 31							
1966 .....	600.5	544.1	56.4	66.9	60.6	62.5	10.6
1967 .....	598.0	544.6	53.4	71.8	61.8	64.2	11.9
1968 .....	571.0	516.1	54.9	73.7	63.5	56.2	10.0
1969 .....	565.2	507.1	58.1	69.6	65.8	158.2	26.8
1970 .....	557.4	503.0	54.4	72.2	68.6	47.7	8.5
1971 .....	569.9	515.2	54.7	80.9	71.5	.2	---
1972 .....	609.6	534.5	75.1	79.2	74.9	22.9	3.9
1973 .....	619.0	533.1	86.8	92.9	78.9	.7	.1
1974 .....	586.7	518.8	67.9	113.7	85.8	2.8	---
1975 .....	<sup>4</sup> 610.0	<sup>4</sup> 535.0	<sup>4</sup> 75.0	<sup>3</sup> 105.6	96.1	<sup>3</sup> 51.0	<sup>3</sup> 8.0
1976 .....					<sup>4</sup> 109.2		

<sup>1</sup> July 1 for flue-cured; October 1 for burley. <sup>2</sup> Sales. <sup>3</sup> Subject to revision. <sup>4</sup> Estimated. <sup>5</sup> Projected—effective quota times average percent marketed.

Table 15--Burley tobacco: Price spreads among specified grades, average 1955-69, annual 1970-75

Period	Average price of C4F	Cents per pounds lower than C4F						
		X4F	C4R	B4F	B4FR	B4R	T4R	N1G
<hr/>								
		<u>Cents per pound</u>						
Average:								
1955-59	67	1	2	3	5	7	11	25
1960-64	71	1	4	4	9	14	19	32
1965-69	74	1	5	4	7	10	11	19
1970	77	0	$\frac{1}{5}$	3	5	8	10	18
1971	82	1	$\frac{1}{1}$	1	1	1	2	11
1972	80	0	$\frac{1}{1}$	0	0	0	2	9
1973	93	1	$\frac{1}{2}$	0	0	0	1	11
1974	117	1	$\frac{1}{5}$	1	0	0	2	28
1975 <u>2/</u>	112	2	$\frac{1}{7}$	1	3	4	11	29

1/ C4K grade.

2/ Subject to revision

Table 16--Burley tobacco: Gross sales, and average price, by States, crops of 1974 and 1975

States	1974 crop		1975 crop <u>1/</u>	
	Sales	Average price	Sales	Average price
	<u>Million pounds</u>	<u>Cents per pound</u>	<u>Million pounds</u>	<u>Cents per pound</u>
Kentucky	474.2	114.25	466.0	106.81
Tennessee	105.4	114.76	122.5	102.55
Virginia	29.5	112.80	30.5	103.78
North Carolina	19.2	106.39	21.9	102.19
West Virginia	4.8	106.79	5.1	102.50
Indiana	15.4	111.92	14.8	104.15
Ohio	12.5	111.00	12.6	107.33
Missouri	5.9	112.56	6.0	98.41
Total all States <u>2/</u>	666.9	113.86	679.5	105.60

1/ Subject to revision.

2/ Computed from unrounded data.

# Tobacco loan stocks, 1974-76

(Farm-sales weight)

Type	End of February		
	1974	1975	1976 <sup>1</sup>
	Million pounds	Million pounds	Million pounds
Flue-cured, 11-14 .....	315.1	205.1	391.8
Uncommitted .....	209.7	99.3	340.8
Burley, 31 .....	186.5	51.8	53.7
Uncommitted .....	70.2	0	53.1
Virginia, 21 .....	( <sup>1</sup> )	.3	( <sup>1</sup> )
Kentucky-Tennessee, 22-23 .....	2.8	1.3	.4
Kentucky-Tennessee, 35-36 .....	10.5	1.4	.1
Ohio, 42-44 .....	0	0	0
Puerto Rican, 46 .....	0	1.6	0
Connecticut Valley, 51-52 .....	2.2	2.1	1.0
Wisconsin, 54-55 .....	( <sup>1</sup> )	0	( <sup>1</sup> )
Total .....	517.2	263.6	447.0

<sup>1</sup> Negligible. <sup>2</sup> January 31, 1976.

Compiled from records of Tobacco and Peanut Division, ASCS.

a year earlier. Supply is equal to 2.84 times estimated disappearance. Carryover, October 1, was 3 percent above a year earlier but below that of October 1972 (table 14).

With rising cigarette sales and exports, manufacturers and dealers have almost exhausted the loan stocks of 1974 and older crops. From the 1975 crop, the two grower loan associations took about 8 percent (51 million pounds) of the 1975 crop.

Rising cigarette production means domestic burley use in 1975/76 may increase from the 519 million pounds of last marketing year. Exports are expected to rise above last year's reduced level. Shipments in October 1975-January 1976 increased 13 million pounds. Larger shipments to West Germany, Sweden, Switzerland, the Netherlands, the Philippine Republic and Denmark accounted for the gain.

Foreign burley production in 1975 increased 96 million pounds. Brazil alone accounted for 25 million of the burley increase. With such foreign producers as Argentina, Italy, Republic of Korea, and others expanding output, U.S. exports face more extensive competition.

## 1975 Crop Summary

Sales volume was up about 4 percent from 1974/75's high level. This season's marketings were not as high in quality as last year. Sales contained a smaller percentage of third quality grades with a larger proportion of fifth quality and no-grade tobacco. The crop contained fewer mixed grades than the 31 percent recorded for sales in 1974. Principal offerings were good and fair leaf, good mixed,

and fair lugs. The 1975 crop value was a new record, slightly above the previous high of \$664 million for the 1974 crop.

Auction prices for the 1975 burley crop (including resales) averaged \$1.056 a pound—8 cents below the previous year's record and was the second highest ever. Average prices by grade ranged from 3 to 9 cents per pound below the 1974 crop record. Variations among grades widened as lower quality tobacco declined the most in price (table 15).

Average price decreases by States ranged from 4.2 to 14.2 cents (table 16). By markets, prices ranged from 96.46 cents per pound in Henderson, Kentucky, to 110.65 cents in Mt. Sterling, Kentucky (table 16).

All markets opened November 24 and the season ended March 3 at Lexington. With the larger crop, sales took 4 more sales days than for the 1974 crop. On December 2, prices peaked at an average of \$1.07 per pound. By December 18, the season average price was down to \$1.04 with over two-thirds of the crop sold. However, prices rose in January and stayed at a plateau in February of \$1.07 to bring the season average to \$1.056 per pound.

Growers marketed 650,000 pounds of burley in looseleaf (untied) form in 75- and 80-pound bales. This contrasts with the customary hands (several leaves tied at the butt end with a tobacco leaf) that are sold in lots averaging over 400 pounds each. The baling technique is used in many countries and results in considerable saving of labor by growers.

## SOUTHERN MARYLAND

### Auctions Open April 13

Auctions for the 1975 crop of Southern Maryland tobacco (type 32) are scheduled to open April 13 and end June 2. Maryland tobacco does not receive government price support. For the 1974 crop (marketed mostly in 1975), growers received the highest average price on record, 92.2 cents a pound. Quantity marketed was 6 percent below the previous season's large marketings.

Last season much less type 32 tobacco was grown in quota areas because an amendment to the quota law means most sales count against a producer's quota or are subject to penalties.

### Supply Down

Use during 1975 was large enough to keep January 1, 1976, stocks near the year-earlier level. Growers produced a 20-percent smaller crop in 1975 than in the previous season. Therefore, this year's supply is about 7 million pounds below the 1974/75



level (table 17). Use may not exceed the past marketing year's level.

Exports during October 1975-January 1976 were 1.6 million pounds, down 3.0 million from a year earlier. Switzerland, a major market, took considerably less than in the previous season.

### No Quotas On Southern Maryland

Growers rejected marketing quotas for their 1976 crop in a previous referendum. Quotas on Maryland tobacco were last in effect for the 1965 crop.

The trend in production has been down. Nevertheless, a 1976 crop near 1975's total will result in a 1976/77 supply—projected output plus tentative carryover—that may total near this year's 77 million pounds.

## FIRE-CURED

### Prices Record High

Prices rose to a record high for the small volume fire-cured crop (types 21-23). Virginia crop (type 21) prices were up 11 cents per pound to a record 93 cents. For the Kentucky-Tennessee types, prices also rose sharply after a jump in price last season. Quality of offerings were somewhat improved over last season for the Virginia crop. Auction sales began in early December for Virginia fire-cured and in mid-January for types 22-23. Final sales were held February 5 for type 21. The markets for types 22-23 closed March 3.

For types 22-23, grade price averages advanced in most cases. Increases ranged from 1 to 5 cents per pound. Deliveries to associations under the government loan program remained low. The average price of 105 cents per pound for the 1975 crop (types

21-23) is up 10 percent from the record last year. Volume of producer marketings decreased for all types 21-23.

### Exports Increase

During the first third of the current marketing year (October 1975-January 1976), exports of Kentucky-Tennessee fire-cured increased to 6 million pounds from the year-earlier low level of 4 million. Shipments increased to the Netherlands, while Sweden and Switzerland decreased their takings. Exports of Virginia fire-cured were up about 1½ million pounds.

Foreign fire-cured production increased only 3 million pounds last year. Malawi and Poland showed the principal production increases and Italy the principal decline. Consequently, U.S. exports may increase this marketing year. The slight decline in snuff and plug chewing output in the United States, may result in a decline in domestic use of fire-cured types in 1975/76 (table 18).

### Acreage Allotments Stable

Acreage allotments for farms growing Kentucky-Tennessee fire-cured will total 32,767 acres, slightly below 1975. The national quota for Virginia fire-cured is about the same as in 1975. Allotments for most farms growing types 22-23 will not change as quotas will be reduced in line with plantings on farms that historically have produced less than 75 percent of their quotas.

With allotted acreage to those producing fire-cured tobacco remaining stable and grower prices up about 12 percent, growers may be expected to plant at least the average acreage of the past three seasons. Using average yield, production in 1976 will be near the disappearance in 1974/75.

Table 17—Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1968-75

Marketing year	Acreage harvested	Yield per acre	Supply			Disappearance <sup>1</sup>			Average price per pound to growers
			Production	Stocks, Jan. 1	Total	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Cents
1968 .....	29.0	1,100	31.9	81.5	113.4	48.7	38.3	10.4	69.8
1969 .....	26.5	1,060	28.1	66.7	94.8	41.3	29.1	12.2	75.1
1970 .....	27.0	1,090	29.4	50.1	79.5	39.5	27.6	11.9	78.6
1971 .....	27.0	1,040	28.1	46.0	74.1	25.5	17.5	8.0	81.9
1972 .....	24.0	990	23.8	46.6	70.4	25.5	13.4	12.1	84.5
1973 <sup>2</sup> .....	27.8	1,260	35.0	43.8	78.8	26.1	13.8	12.3	87.8
1974 <sup>2</sup> .....	26.0	1,260	32.8	51.7	84.5	31.0	22.5	8.5	<sup>3</sup> 92.2
1975 <sup>2,4</sup> .....	24.0	1,050	25.2	53.6	78.8				

<sup>1</sup> Year beginning October 1. <sup>2</sup> Includes sales and certification data from production in quota areas. <sup>3</sup> 95.6 cents in Maryland and 51.4 cents in other States. <sup>4</sup> Subject to revision.

Table 18—Fire-cured tobacco, Kentucky-Tennessee types 22-23, and Virginia fire-cured type 21:  
Acreage, yield, production, carryover, supply, disappearance, season average price, and  
price support operations, 1967-75

(Farm-sales weight)

Marketing year beginning October 1	Acreage harvested	Yield per acre	Production	Beginning stocks, October 1—			Total supply
				Manufac- turers and other	Under loan	Total	
	<i>Thousand acres</i>	<i>Pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
Kentucky-Tennessee fire-cured, types 22-23							
1967 .....	17.3	1,702	29.5	64.0	27.3	91.3	120.8
1968 .....	17.9	1,822	32.6	57.3	21.5	78.8	111.4
1969 .....	19.0	1,797	34.1	61.1	11.6	72.7	106.8
1970 .....	17.7	1,749	30.9	54.1	9.7	63.8	94.7
1971 .....	19.5	1,928	37.6	48.6	4.7	53.3	90.9
1972 .....	20.4	1,844	37.6	55.0	1.2	56.2	93.8
1973 .....	16.6	1,668	27.7	54.2	3.1	57.3	85.0
1974 .....	16.2	1,602	26.0	44.0	1.1	45.1	71.1
1975 <sup>1</sup> .....	18.5	1,713	31.6	40.5	.1	40.7	72.3
Virginia fire-cured, type 21							
1967 .....	5.4	1,290	7.0	12.1	2.7	14.8	21.8
1968 .....	4.9	1,205	5.9	8.9	2.8	11.7	17.6
1969 .....	5.0	1,340	6.7	8.0	1.9	9.9	16.6
1970 .....	5.0	1,230	6.2	8.4	1.4	9.8	16.0
1971 .....	5.0	1,180	5.9	8.0	1.0	9.0	14.9
1972 .....	4.8	970	4.7	7.9	.4	8.3	13.0
1973 .....	4.7	1,205	5.7	7.6	( <sup>3</sup> )	7.6	13.3
1974 .....	5.0	1,185	5.9	7.1	---	7.1	13.0
1975 <sup>1</sup> .....	5.0	1,070	*4.8	7.1	.3	7.3	12.1
Disappearance							
			Exports	Average price per pound	Price support level	Placed under Government loan	
Total	Domestic					Quantity	Percentage of crop
<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>		<i>Cents</i>	<i>Cents</i>	<i>Million pounds</i>	<i>Percent</i>
Kentucky-Tennessee fire-cured, types 22-23							
1967 .....	42.0	14.9	27.1	46.2	41.9	0.8	2.7
1968 .....	38.7	<sup>2</sup> 19.1	19.6	51.1	43.1	.4	1.2
1969 .....	43.0	18.5	24.5	48.1	44.6	1.9	5.6
1970 .....	41.4	13.1	28.3	54.4	46.6	( <sup>3</sup> )	.1
1971 .....	34.7	16.0	18.7	60.8	48.5	( <sup>3</sup> )	.1
1972 .....	36.5	14.2	22.3	57.3	50.8	2.8	7.4
1973 .....	39.9	15.7	24.2	71.7	53.5	.2	.7
1974 .....	30.3	14.5	15.8	93.4	58.2	.7	2.7
1975 .....				*104.8	65.2	*.1	*.2
Virginia fire-cured, type 21							
1967 .....	10.1	3.4	6.7	40.9	41.9	.7	10.1
1968 .....	7.7	3.0	4.7	46.9	43.1	.2	3.4
1969 .....	6.8	1.7	5.1	53.1	44.6	.1	1.5
1970 .....	7.0	2.4	4.6	52.0	46.6	.1	2.0
1971 .....	6.6	3.1	3.5	54.8	48.5	.1	1.0
1972 .....	5.4	1.3	4.1	64.2	50.8	( <sup>3</sup> )	.1
1973 .....	6.2	1.7	4.5	75.5	53.5	( <sup>3</sup> )	---
1974 .....	5.7	0.7	5.0	81.7	58.2	.3	4.5
1975 .....				*92.7	65.2	( <sup>3</sup> )	.9

<sup>1</sup> Subject to revision. <sup>2</sup> Includes 4.7 million pounds fire loss, April 1969. <sup>3</sup> Less than 50,000 pounds.

\* Auction sales through February.



Carryover of fire-cured tobacco on October 1, 1976, may be around the 48 million pounds of last October 1. Carryover stocks, plus the projected crop, would provide a supply about the same as the 85 million pounds for the current year.

## **DARK AIR-CURED**

### **Smaller Supply, Higher Prices**

Another record-high price prevailed for the 1975 crop of One Sucker, Green River, and Virginia sun-cured tobaccos (types 35-37). Quality of offerings, however, was higher than in the previous season. Total volume was up slightly. Auction sales started in early December and closed in early February.

Grade price averages were higher, and government loan placements were down. The average price was up 14.8 cents (20 percent) for type 35, which has the largest sales volume; type 36 increased 8.5 cents (11 percent); and type 37 gained 4.9 cents (6 percent) over the 1974 crop averages.

At 50 million pounds, the 1975/76 supply of dark air-cured is down about 5 percent. Virginia sun-cured supplies declined relative to the dark air-cured (table 19).

### **Use Pattern Mixed**

Plug, twist, and fine-cut chewing tobaccos are the chief domestic outlets for dark air-cured tobaccos. Output of these products trended down until last year. The increase in 1975 continued into October-December (first quarter of the current marketing year).

Most U.S. exports of dark air-cured tobacco reach West African destinations in the form of Black Fat—a semiprocessed product. In October 1975-January 1976, Black Fat exports were near the 1.2 million pounds of a year earlier.

### **Allotments About the Same**

Acreage allotments this year of dark air-cured tobacco (including sun-cured) will be about the same as last year. The sizable gain in prices suggests growers may maintain or slightly increase output this season.

## **CIGAR TOBACCO**

### **Prices Up**

Producers of cigar tobacco are receiving higher prices this season than last. As usual, Connecticut binder crops were sold last fall. Buyers and sellers began negotiating prices for Ohio, Pennsylvania,

and Wisconsin crops in January; the sales pace was not as rapid as last season. Pennsylvania and Ohio tobacco sold for 60 cents per pound and Wisconsin growers obtained up to 75.5 cents per pound. Season average price and production data for the 1975 cigar tobacco crop are scheduled for release May 10.

Overall price support levels for the 1976 crop of cigar leaf tobacco are about 13½ percent higher than for the 1975 crops. There is no government price support for Pennsylvania tobacco (type 41) or shade-grown cigar wrapper (types 61-62). For many years, the Puerto Rican Government has allocated an annual poundage quota to cigar filler growers and made supplemental payments. The current supplemental rate is 23 cents per pound with a bonus of 6.6 cents per pound for tobacco planted after February 1, 1976. The bonus seeks to encourage production that had been below disappearance in most recent years.

### **Cigar Filler and Binder Allotments: Same as 1975**

For most farms growing cigar filler and binder tobacco (types 42-44, 51-52 53-55), USDA set 1976 acreage allotments about the same as for 1975. For some farms on which the tobacco acreage history in recent years has been less than 75 percent of the farm's allotment, the allotments will be reduced more in line with plantings.

### **U.S. and Puerto Rican Supplies Lower**

Total supplies of U.S. and Puerto Rican cigar tobacco are down 4 percent from the past marketing year. Production was down 7 percent and carryover was down 2 percent. Cigar filler accounted largely for the drop, but wrapper supplies also decreased (table 20).

Cigar filler and wrapper had the weakest market in recent years. After 4 years of sharp reductions, cigar wrapper supplies are still adequate.

The January 1, 1976, stocks of Puerto Rican tobacco (on the Island and in the United States) totaled 6 million pounds—about the same as a year earlier. The crop planted in late 1975 for harvest in early 1976 is tentatively estimated at 5 million pounds—slightly above last year.

More foreign cigar tobaccos arrived in the United States in 1975 than the year before. The average import value of cigar filler and scrap tobacco brought in last year was 61 cents per pound.

### **Domestic Use May Decline**

Cigar makers continue to sell fewer small and large cigars this year. Domestic disappearance of U.S. filler types will probably fall from last year's



Table 19—Dark air-cured tobacco, types 35-36, and Sun-cured tobacco type 37: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1967-75 (Farm-sales weight)

Marketing year beginning October 1	Acreage harvested	Yield per acre	Production	Beginning stocks			Total supply
				Manufacturers and others	Under loan	Total	
	Thousand acres	Pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Dark air-cured, types 35-36							
1967 .....	9.5	1,629	15.5	39.2	21.3	60.5	76.0
1968 .....	9.8	1,831	18.0	41.1	17.1	58.2	76.2
1969 .....	10.1	1,793	18.1	44.1	15.0	59.1	77.2
1970 .....	8.2	1,863	15.4	35.5	18.2	53.7	69.1
1971 .....	8.6	1,834	15.7	35.5	14.3	49.8	65.5
1972 .....	8.2	1,875	15.5	33.5	12.7	46.2	61.7
1973 .....	7.6	1,647	12.4	31.9	12.8	44.7	57.1
1974 .....	7.0	1,653	11.6	31.4	5.5	36.9	48.5
1975 <sup>1</sup> .....	8.0	1,727	<sup>2</sup> 13.0	32.7	( <sup>3</sup> )	32.8	45.8
Sun-cured, type 37							
1967 .....	1.2	1,090	1.3	4.2	0	4.2	5.5
1968 .....	1.1	1,095	1.2	3.9	0	3.9	5.1
1969 .....	1.1	1,225	1.3	3.8	0	3.8	5.1
1970 .....	1.0	1,100	1.1	3.3	0	3.3	4.4
1971 .....	.9	1,200	1.1	3.1	0	3.1	4.2
1972 .....	.8	1,010	.8	3.0	0	3.0	3.8
1973 .....	.7	1,320	.9	3.2	0	3.2	4.1
1974 .....	.7	1,315	.9	3.0	0	3.0	3.9
1975 <sup>1</sup> .....	.7	1,000	<sup>2</sup> .7	2.3	0	2.3	3.0
Disappearance							
			Exports	Average price per pound	Price support level	Placed under Government loan	
Total	Domestic					Quantity	Percentage of crop
Million pounds	Million pounds	Million pounds		Cents	Cents	Million pounds	Percent
Dark air-cured, types 35-36							
1967 .....	17.8	14.8	3.0	40.8	37.3	1.4	9.0
1968 .....	17.1	15.0	2.1	47.4	38.3	.7	3.9
1969 .....	23.5	21.2	2.3	40.3	39.7	4.8	26.5
1970 .....	19.3	16.7	2.6	46.0	41.4	1.0	6.8
1971 .....	19.3	17.4	1.9	47.1	43.1	1.7	10.7
1972 .....	17.0	14.7	2.3	50.3	45.2	1.2	.8
1973 .....	20.2	17.4	2.8	61.9	47.6	( <sup>2</sup> )	.2
1974 .....	15.6	12.8	2.8	76.9	51.8	.3	2.6
1975 .....				<sup>2</sup> 89.4	58.0	.1	.5
Sun-cured, type 37							
1967 .....	1.6	1.2	.4	45.2	37.3	<sup>4</sup> 25	1.9
1968 .....	1.3	1.1	.2	53.2	38.3	<sup>4</sup> 1	.1
1969 .....	1.8	1.5	.3	52.8	39.7	<sup>4</sup> 1	.1
1970 .....	1.3	1.1	.2	53.8	41.4	<sup>4</sup> 3	.3
1971 .....	1.2	1.0	.2	54.1	43.1	0	---
1972 .....	.6	.4	.2	57.9	45.2	0	---
1973 .....	1.1	.9	.2	69.2	47.6	0	---
1974 .....	1.6	1.3	.3	82.1	51.8	<sup>4</sup> 2	2.1
1975 .....				<sup>2</sup> 87.8	58.0	<sup>5</sup>	.1

<sup>1</sup> Subject to revision. <sup>2</sup> Sales data. <sup>3</sup> Less than 50,000 lbs. <sup>4</sup> Quantity placed under Government loan reported in thousand pounds. <sup>5</sup> Less than 500 lbs.

Table 20—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1967-75

(Farm-sales weight)

Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks <sup>1</sup>	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Pennsylvania Seedleaf Filler (type 41)									
1967	21.0	1,825	38.3	112.3	150.6	41.9	41.3	0.6	28.0
1968	21.0	1,775	37.3	108.7	146.0	40.9	40.0	.9	30.0
1969	20.0	1,825	36.5	105.1	140.6	44.3	43.7	.6	30.0
1970	17.0	1,800	30.6	97.3	127.9	40.9	40.7	.2	31.0
1971	15.2	1,610	24.5	87.0	111.5	41.3	40.6	.4	36.0
1972	13.0	1,400	18.2	70.2	88.4	34.7	34.4	.3	46.0
1973	13.0	1,700	22.1	53.7	75.8	28.3	27.5	.8	52.0
1974	13.0	2,000	26.0	47.5	73.5	24.3	24.0	.3	58.0
1975 <sup>2</sup>	12.5	1,750	21.9	49.2	71.1				
Ohio, Miami, Valley Filler (types 42-44)									
1967	2.3	1,580	3.6	15.5	19.1	6.2	6.2	---	29.0
1968	2.0	1,670	3.4	12.9	16.3	5.4	5.4	---	31.0
1969	1.7	1,650	2.8	10.9	13.7	4.7	4.7	---	32.5
1970	1.6	1,750	2.9	9.0	11.9	4.1	4.1	---	38.0
1971	2.0	1,850	3.8	7.8	11.6	4.6	4.6	---	41.0
1972	2.4	1,780	4.2	7.0	11.2	4.4	4.4	---	44.0
1973	2.2	1,420	3.1	6.8	9.9	4.0	4.0	---	51.0
1974	2.0	1,530	3.1	5.9	9.0	3.1	3.1	---	59.0
1975 <sup>2</sup>	1.8	1,750	3.2	5.9	9.1				
Puerto Rico Filler (type 46) <sup>3</sup>									
1967	7.6	1,419	10.8	40.5	51.3	16.9	16.9	---	<sup>4</sup> 33.1
1968	6.0	1,282	7.6	34.4	42.0	16.2	16.2	---	<sup>4</sup> 33.3
1969	4.7	1,303	6.1	25.8	31.9	12.6	12.6	---	<sup>4</sup> 33.6
1970	3.2	1,397	4.5	19.3	23.8	8.8	8.8	---	<sup>4</sup> 36.1
1971	4.8	1,418	6.7	15.0	21.7	9.0	9.0	---	<sup>4</sup> 39.8
1972	5.6	883	4.8	12.7	17.5	8.3	8.3	---	<sup>4</sup> 42.1
1973	4.5	1,435	6.5	9.2	15.7	5.7	5.7	---	<sup>4</sup> 42.1
1974	2.8	1,340	4.0	10.0	14.0	7.9	7.9	---	<sup>4</sup> 45.5
1975 <sup>2</sup>	3.1	1,610	5.0	6.1	11.1				
Total Cigar Filler (types 41-46)									
1967	30.9	1,707	52.7	168.3	221.0	65.0	64.4	.6	29.1
1968	29.0	1,666	48.3	156.0	204.3	62.5	61.6	.9	30.5
1969	26.4	1,721	45.4	141.8	187.2	61.6	61.0	.6	30.6
1970	21.8	1,737	38.0	125.6	163.6	53.8	53.6	.2	32.1
1971	22.0	1,587	35.0	109.8	144.8	54.9	54.5	.4	37.3
1972	21.0	1,293	27.2	89.9	117.1	47.4	47.1	.3	45.0
1973	19.7	1,450	31.7	69.7	101.4	38.0	37.2	.8	49.7
1974	18.0	1,850	33.1	63.4	96.5	35.3	35.0	.3	57.1
1975 <sup>2</sup>	17.4	1,630	30.1	61.2	91.2				
Connecticut Valley Binder (types 51-52)									
1967	1.5	1,819	2.7	16.4	19.1	7.9	5.7	2.2	54.5
1968	1.6	1,808	2.8	11.2	14.0	5.1	4.7	.4	59.5
1969	1.6	1,434	2.3	8.9	11.2	4.2	3.9	.3	58.2
1970	1.7	1,756	2.9	7.0	9.9	2.7	2.4	.3	65.5
1971	1.6	1,743	2.8	7.2	10.0	2.6	2.5	.1	65.1
1972	1.6	1,600	2.5	7.4	9.9	2.4	2.3	.1	70.1
1973	1.6	1,721	2.7	7.5	10.2	3.2	3.1	.1	72.8
1974	1.5	1,737	2.5	7.0	9.5	3.3	3.1	.2	82.0
1975 <sup>2</sup>	1.5	1,526	2.2	6.2	8.4				
Southern Wisconsin Binder (type 54)									
1967	3.8	1,905	7.2	20.7	27.9	8.0	8.0	---	34.4
1968	3.7	1,990	7.4	19.9	27.3	7.7	7.7	---	36.8
1969	3.7	1,740	6.4	19.6	26.0	9.3	9.3	---	36.8
1970	4.4	2,135	9.4	16.7	26.1	7.3	7.3	---	40.2
1971	5.3	2,270	12.0	18.8	30.8	10.5	10.5	---	50.3
1972	5.0	1,685	8.4	20.3	28.7	9.3	8.3	---	48.0
1973	4.9	1,950	9.6	19.4	29.0	10.1	10.1	---	60.5
1974	4.7	2,060	9.7	18.9	28.6	8.8	8.8	---	74.9
1975 <sup>2</sup>	5.6	2,000	11.2	19.8	31.0				
Northern Wisconsin Binder (type 55)									
1967	4.5	1,975	8.9	29.3	38.2	9.3	8.9	.4	34.1
1968	4.0	1,670	6.7	28.9	35.6	14.9	14.5	.4	37.9
1969	3.7	1,815	6.7	20.7	27.4	8.8	8.5	.3	43.4
1970	4.4	2,055	9.0	18.6	27.6	9.2	9.1	.1	52.0
1971	5.3	1,980	10.5	18.4	28.9	9.9	9.9	*	54.0
1972	5.8	1,770	10.3	19.0	29.3	9.8	9.8	*	49.0
1973	5.3	1,775	9.4	19.5	28.9	12.0	12.0	*	60.7
1974	4.7	1,870	8.8	16.9	25.7	9.9	9.9	*	75.4
1975 <sup>2</sup>	5.4	1,850	10.0	15.8	25.8				

See footnote at end of table

Table 20—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1967-75—Cont.

(Farm-sales weight)

Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks <sup>1</sup>	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Total Wisconsin Binder (types 54-55)									
1967	8.3	1,943	16.1	50.0	66.1	17.3	16.9	0.4	34.2
1968	7.7	1,824	14.1	48.8	62.9	22.6	22.2	.4	37.3
1969	7.4	1,778	13.1	40.3	53.4	18.1	17.8	.3	41.8
1970	8.8	2,095	18.4	35.3	53.7	16.5	16.4	.1	51.1
1971	10.6	2,125	22.5	37.2	59.7	20.4	20.4	*	54.9
1972	10.8	1,731	18.7	39.3	58.0	19.1	19.1	*	48.5
1973	10.2	1,859	19.0	38.9	57.9	22.2	22.2	*	60.6
1974	9.4	1,965	18.5	35.8	54.3	18.7	18.7	*	75.1
1975 <sup>2</sup>	11.0	1,926	21.2	35.6	56.8				
Total Cigar Binder (types 51-55)									
1967	9.8	1,924	18.8	66.4	85.2	25.2	22.6	2.6	37.1
1968	9.3	1,821	16.9	60.0	76.9	27.7	26.9	.8	41.0
1969	9.0	1,716	15.4	49.2	64.6	22.3	21.7	.6	44.3
1970	10.5	2,041	21.3	42.3	63.6	19.2	18.8	.4	53.1
1971	12.2	2,075	25.3	44.4	69.7	23.0	22.9	.1	56.1
1972	12.4	1,714	21.2	46.7	67.9	21.5	21.4	.1	51.1
1973	11.8	1,841	21.7	46.4	68.1	25.4	25.3	.1	62.1
1974	10.9	1,934	21.0	42.8	63.8	22.0	21.8	.2	76.0
1975 <sup>2</sup>	12.4	1,880	23.4	41.8	65.2				
Connecticut Valley Shade-grown (type 61)									
1967	8.5	1,124	9.6	16.0	25.6	12.9	9.6	3.3	360.0
1968	8.4	1,215	10.2	12.7	22.9	10.8	9.1	1.7	280.0
1969	6.3	1,288	8.1	12.1	20.2	8.0	7.0	1.0	400.0
1970	6.0	1,535	9.3	12.2	21.5	7.6	6.6	1.0	400.0
1971	4.7	1,635	7.7	13.9	21.6	8.4	5.7	2.7	400.0
1972	4.1	1,250	5.1	13.2	18.5	7.6	4.8	2.8	485.0
1973	5.0	1,210	6.1	10.7	16.8	8.3	6.4	1.9	515.0
1974	4.8	1,625	7.8	8.5	16.3	6.8	2.8	3.9	600.0
1975 <sup>2</sup>	4.5	1,400	6.2	9.5	15.7				
Georgia-Florida Shade-grown (type 62)									
1967	5.1	1,573	8.0	8.7	16.7	7.9	6.3	1.6	245.0
1968	5.0	1,556	7.9	8.8	16.7	9.2	7.1	2.1	270.0
1969	5.0	1,569	7.8	7.5	15.3	6.1	5.2	.9	280.0
1970	3.6	1,590	5.6	9.2	14.8	6.7	5.8	.9	270.0
1971	3.0	1,582	4.7	8.1	12.8	6.2	5.4	.8	262.0
1972	3.0	1,517	4.6	6.6	11.2	4.2	3.8	.4	280.0
1973	2.6	1,413	3.7	7.0	10.7	4.2	3.7	.5	350.0
1974	1.9	1,724	3.2	6.5	9.7	3.6	3.1	.5	380.0
1975 <sup>2</sup>	1.1	1,556	1.7	6.2	7.9				
Total Shade-grown (types 61-62)									
1967	13.6	1,292	17.6	24.7	42.3	20.8	15.9	4.9	308.0
1968	13.4	1,343	18.1	21.5	39.6	20.0	16.2	3.8	276.0
1969	11.3	1,411	15.9	19.6	35.5	14.1	12.2	1.9	341.3
1970	9.6	1,555	14.9	21.4	36.3	14.3	12.4	1.9	351.0
1971	7.7	1,614	12.4	22.0	34.4	14.6	11.1	3.5	347.5
1972	7.1	1,365	9.7	19.8	29.5	11.8	8.6	3.2	387.0
1973	7.6	1,280	9.8	17.7	27.5	12.5	10.1	2.4	452.2
1974	6.6	1,652	11.0	15.0	26.0	10.4	6.0	4.4	536.1
1975 <sup>2</sup>	5.6	1,431	7.9	15.6	23.5				
Grand Total Cigar Tobacco (types 41-62)									
1967	54.3	1,642	89.1	259.4	348.5	111.0	102.9	8.1	85.7
1968	51.7	1,610	83.3	237.5	320.8	110.2	104.7	5.5	85.9
1969	46.7	1,645	76.7	210.6	287.3	98.0	94.9	3.1	97.7
1970	41.9	1,771	74.2	189.3	263.4	87.3	84.8	2.5	102.3
1971	41.9	1,734	72.7	176.2	248.9	92.5	88.5	4.0	96.7
1972	40.4	1,434	58.1	156.4	214.5	80.7	77.1	3.6	104.4
1973	39.1	1,627	63.2	133.8	197.0	75.9	72.6	3.3	116.1
1974	35.5	1,834	65.3	121.2	186.3	57.7	62.8	4.9	142.5
1975 <sup>2</sup>	35.4	1,720	61.4	118.6	180.0				

<sup>1</sup> October 1 for types 41-55; July 1 for types 61-62. <sup>2</sup> Based on November 1 crop prospects. <sup>3</sup> Puerto Rican planting occurs late in calendar year; projected for 1975. <sup>4</sup> Excludes payment by Puerto Rican Government; 20 cents per pound in 1974. \* Less than 50,000 pounds.



# Foreign grown cigar leaf tobacco: U.S. Imports and Stocks, 1973-76

(Farm sales weight)

Country of Origin	General Imports <sup>1</sup>			Imports for Consumption			Dealers and manufacturers stocks, January 1,			
	1973	1974	1975	Oct.-Sept. 1974-75	Oct.-Jan. 1974-75	Oct.-Jan. 1975-76	1973	1974	1975	1976
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Philippines .....	27.6	33.0	30.0	20.5	2.9	13.8	37.3	33.5	37.7	43.8
Dominican Republic .....	17.2	16.8	16.0	17.8	5.0	4.9	17.1	17.9	19.2	19.6
Brazil .....	20.7	11.8	8.8	19.9	6.9	5.4	8.0	7.7	7.9	8.0
Colombia .....	16.3	11.2	6.4	8.4	2.0	2.3	7.0	10.4	11.5	9.5
Paraguay .....	11.4	4.9	7.6	8.1	3.2	1.7	6.9	9.0	10.9	8.2
Mexico .....	14.6	24.7	7.1	18.8	10.3	1.6	6.5	4.8	6.2	6.1
Indonesia .....	12.7	9.2	8.4	11.1	6.4	2.2	6.7	9.8	10.9	11.8
All others .....	40.1	68.5	74.1	46.6	11.5	17.2	16.9	19.1	20.3	24.1
Total .....	160.6	180.1	158.4	151.2	48.2	49.1	106.4	112.3	124.6	131.1

<sup>1</sup> Includes scrap tobacco from some countries than may be used in cigarette manufacturers.

low level. Imported tobacco accounts for about three-fourths of our total filler use. During October 1975-January 1976, cigar factories used more imported cigar tobacco than a year earlier, with all major sources providing more.

Disappearance in 1975/76 of Connecticut Valley cigar binder will probably fall below last season's 3.3 million pounds. Production remains below disappearance. The major use for Wisconsin

tobacco is loose-leaf chewing tobacco, and with sales increasing domestic disappearance may gain.

Domestic use of cigar wrapper is near the low level of the past five seasons. Stocks on January 1 were 3 percent above a year earlier. Total disappearance may exceed the 1975 crop of 8 million pounds. Thus, the July 1 carryover could decline. Exports for July 1975-January 1976 were up with more going to the Dominican Republic.

## FOREIGN MARKETS

### Market Briefs

Last year the United Kingdom continued to take less U.S. tobacco. Trade with Rhodesia remains embargoed. U.K. stocks of U.S. tobacco decreased in calendar 1975 continuing a decline of several years, except for 1974. Net clearances (domestic use) may have declined as U.K. cigarette taxes were increased sharply. Cigarette sales were affected more than cigar sales.

Canada's flue-cured crop of 219 million pounds in 1975 was 13 percent below 1974. Auction sales in Ontario began October 27 and were suspended until growers were assured a season average price of 94 cents a pound, 2 cents higher than last season. The Marketing Board approved a 5-cent-per-pound rebate on exports to boost lagging sales. Expected exports to the U.K. of 51 million pounds had decreased to 35 million by fall.

The 1976 flue-cured crop in Rhodesia may not exceed that of 1975. The 1975 crop of 200 million pounds was 35 million pounds above 1974's expanded crop. However, the removal of minimum

price guarantees and less optimistic views on marketing possibilities may reduce 1976 plantings. Auction sales usually begin in March.

India's 1975 flue-cured crop of 245 million pounds was 28 percent below the 1974 crop. Production may be up this year. Last year competition from other crops and dry weather were largely responsible for the drop in output.

India is the second largest exporter of flue-cured tobacco. About one-half of India's exports go to the EC, primarily the United Kingdom. The preferential import quota of the EC for 1976 was increased 25 percent to 38,000 metric tons.

### Trade Concerns: Trends in Prices and Quotas

In future trade negotiations, trade access will be a key factor. Particularly is this true for the European Community (EC) which normally takes about half our tobacco exports. Last year, negotiations set the duty limit by the EC on our flue-cured and burley tobaccos at about 20 cents per pound (it could have reached 32 cents). The United States is

expected to seek further modifications of the EC tobacco duties.

For the 1976 crop, the EC has proposed average increases of 5 percent in target and intervention prices and 8 percent in buyers' premiums (price rebates to purchasers). For EC's flue-cured tobacco the increases are 5 and 15 percent, respectively.

On January 1, 1976, the United Kingdom lifted import quotas on cigars from the United States, Canada, and Central and South America. U.S. cigar exports have risen in line with quota liberalization in the past and are likely to expand further in spite of heavy tobacco taxation and import duties on cigars.

Table 21—Cash receipts from farm marketings and tobacco, 1966-75 with percentages

Period	Cash receipts				Tobacco as a percentage of—	
	Livestock and products	All crops	Total farm	Tobacco	All crops	Total cash receipts
	<i>Million dollars</i>	<i>Million dollars</i>	<i>Million dollars</i>	<i>Million dollars</i>	<i>Percent</i>	<i>Percent</i>
1966 .....	24,921	18,373	43,294	1,211	6.6	2.8
1967 .....	24,259	18,434	42,693	1,391	7.5	3.3
1968 .....	25,539	18,846	44,386	1,173	6.2	2.6
1969 .....	28,439	18,790	47,229	1,296	6.9	2.7
1970 .....	29,543	20,911	50,454	1,388	6.6	2.8
1971 .....	30,560	22,245	52,805	1,328	6.0	2.5
1972 .....	35,670	25,520	61,190	1,442	5.7	2.4
1973 .....	45,824	41,050	86,875	1,570	3.8	1.8
1974 .....	41,924	52,097	93,521	2,146	4.1	2.3
1975 .....	43,245	47,327	90,572	2,136	4.5	2.4

<sup>1</sup> Preliminary.

Table 22—Expenditures for tobacco products, and disposable personal income, 1966-75

Year	Total	Cigarettes	Cigars	Other <sup>1</sup>	Disposable personal income <sup>2</sup>	Percent of disposable personal income			
						All products	Spent on tobacco products		
							Cigarettes	Cigar	Other <sup>1</sup>
	<i>Million dollars</i>	<i>Million dollars</i>	<i>Million dollars</i>	<i>Million dollars</i>	<i>Billion dollars</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1966 .....	9,140	8,113	718	309	510	1.79	1.59	.14	.06
1967 .....	9,582	8,572	706	304	544	1.76	1.57	.13	.06
1968 .....	10,112	9,094	703	315	588	1.72	1.55	.12	.05
1969 .....	10,444	9,404	701	339	630	1.66	1.49	.11	.05
1970 .....	11,544	10,448	707	389	686	1.68	1.52	.10	.06
1971 .....	12,155	11,040	700	415	743	1.64	1.49	.09	.06
1972 .....	12,910	11,765	720	425	801	1.61	1.47	.09	.05
1973 .....	13,485	12,325	730	430	903	1.49	1.36	.08	.05
1974 <sup>3</sup> .....	14,450	13,270	705	475	984	1.47	1.35	.07	.05
1975 <sup>4</sup> .....	15,630	14,450	675	505	1,077	1.45	1.34	.06	.06

<sup>1</sup> Smoking tobacco, chewing tobacco, and snuff. <sup>2</sup> Compiled from reports of Department of Commerce, Bureau of Economic Analysis. <sup>3</sup> Subject to revision. <sup>4</sup> Estimated.

Table 23— Governmental revenues from tobacco products, 1966-75

Fiscal year	Federal Government				State and local Governments		All governments
	Cigarettes <sup>1</sup>	Cigars <sup>2</sup>	Manufactured tobacco <sup>3</sup>	Total <sup>4</sup>	State	Local <sup>5</sup>	
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
1966 .....	1,993	56	( <sup>1</sup> )	2,051	1,633	111	3,795
1967 .....	2,111	56	( <sup>3</sup> )	2,169	1,760	109	4,038
1968 .....	2,086	54	( <sup>3</sup> )	2,142	2,067	99	4,308
1969 .....	2,020	56	( <sup>1</sup> )	2,077	2,186	113	4,376
1970 .....	2,113	55	( <sup>3</sup> )	2,170	2,458	134	4,762
1971 .....	2,098	54	( <sup>3</sup> )	2,154	2,637	154	4,945
1972 .....	2,151	53	( <sup>3</sup> )	2,195	2,951	179	5,321
1973 .....	2,404	53	( <sup>3</sup> )	2,460	3,126	145	5,731
1974 .....	2,308	52	( <sup>3</sup> )	2,362	3,280	160	5,802
1975 <sup>5</sup> .....	2,330	50	( <sup>3</sup> )	2,380	3,380	180	5,940

<sup>1</sup> Includes large cigarettes. <sup>2</sup> Includes small cigars and revenue on cigars from Puerto Rico covered into the Treasury of Puerto Rico. <sup>3</sup> Federal excise tax on chewing tobacco, smoking tobacco, and snuff repealed effective January 1, 1966. <sup>4</sup> Includes cigarette paper and tubes, and imported cigarettes and cigars. <sup>5</sup> Estimated.

Compiled from reports of the Internal Revenue Service and the Bureau of the Census.

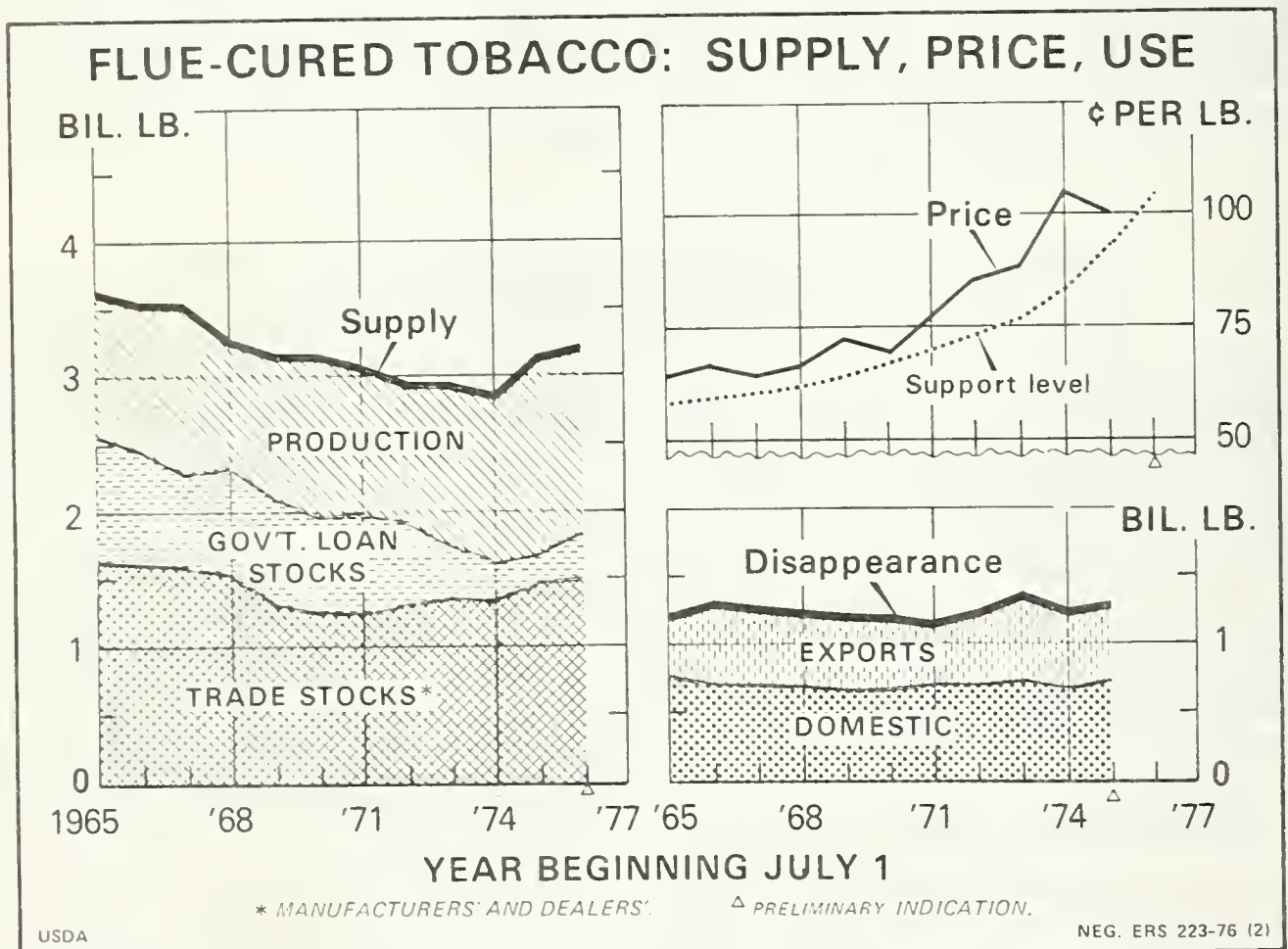




Table 24.--Marketing quota referendums, by kinds of tobacco -

Kind (type numbers in parentheses) and basis of quotas <u>1/</u>	Last referendum			Next referendum		
	Date	Crops to which applicable:	Number voting	Percentage: voting in favor of quota <u>2/</u>	Probable date <u>3/</u>	Crops to which applicable
Flue-cured (11-14) Acreage-poundage	July 17, 1973	1974-76	100,466	98.5	Dec. 1976	1977-79
Burley (31) Poundage	Feb. 25-Mar. 1, 1974	1974-76	289,829	98.3	Feb. 1977	1977-79
Maryland (32)	Feb. 25-Mar. 1, 1974	1974-76	5,442	25.5	Feb. 1977 <u>4/</u>	1977-79
Fire-cured (21-23)	Feb. 23-27, 1976	1976-78	10,494	94.2	Feb. 1979	1979-81
Dark air-cured (35-36)	Feb. 23-27, 1976	1976-78	11,181	94.8	Feb. 1979	1979-81
Va. sun-cured (37)	Feb. 25-Mar. 1, 1974	1974-76	479	93.8	Feb. 1977	1977-79
Pa. filler (41)	Feb. 25-Mar. 1, 1974	1974-76	890	14.8	Feb. 1977 <u>4/</u>	1977-79
Cigar binder (51-52)	Feb. 24-28, 1975	1975-77	189	96.8	Feb. 1978	1978-80
Cigar filler and binder (42-44, 53-55)	Feb. 24-28, 1975	1975-77	3,526	86.6	Feb. 1978	1978-80

1/ Quotas based on acreage allotments unless otherwise specified. 2/ A majority of two-thirds or more of farmers voting is required for marketing quotas to become effective under the acreage allotment program or acreage-poundage program. 3/ Probable month, but referendums can occur earlier if warranted by pertinent considerations. 4/ Unless at least a fourth of the growers petition the Secretary in the interim.

Table 25--United States exports of unmanufactured tobacco by types, to principal importing countries, crop years, 1974-75-1975-76 <sup>1/</sup>

(Declared weight)				(Declared weight)				
Part year		Part year		Part year		Part year		
through January 2/		through January 2/		through January 2/		through January 2/		
1974-1975	1974-1975	1975-1976	1974-1975	1974-1975	1975-1976	1974-1975	1975-1976	
Importing countries			Importing countries			Importing countries		
Million pounds				Thousand pounds				
Flue-cured, types 11-14				Va. fire & sun-cured, types 21 & 37				
United Kingdom	68.3	53.3	47.9	Switzerland	727	561	0	
West Germany	71.1	33.4	35.2	Norway	1,801	535	773	
Japan	71.4	66.8	72.7	Sweden	508	508	385	
Netherlands	14.2	8.0	10.0	West Germany	655	79	238	
Thailand	15.7	0	5.1	Other countries	576	252	225	
Australia	8.6	7.4	9.9	Total	4,267	1,935	1,626	
Italy	22.0	8.5	6.0					
Sweden	5.8	5.8	9.0	One Sucker, type 35				
Norway	3.3	1.7	1.9					
Finland	2.8	1.2	3.4					
Denmark	7.7	7.0	10.5	Cameroon	0	0	0	
Ireland	7.7	4.6	3.3	Belgium	86	11	0	
Belgium	7.6	5.2	2.9	Zaire	36	36	0	
Switzerland	11.9	2.5	5.0	Other countries	40	0	0	
South Vietnam	4.1	4.0	0	Total	162	47	0	
Philippine Republic	4.0	2.6	5.0					
Spain	8.5	5.7	3.9	Green River, type 36				
Malaysia	7.3	4.8	3.7					
Taiwan	18.9	10.4	10.8	United Kingdom	87	0	0	
New Zealand	2.9	1.4	2.1	Zaire	30	30	0	
Other countries	51.0	40.7	30.7	Other countries	106	0	0	
Total	414.7	275.0	279.0	Total	224	30	0	
Burley, type 31				Cigar Filler, types 41-44				
Italy	10.5	0	0	New Zealand	19	19	0	
Sweden	2.6	1.3	1.5	France	193	45	43	
Denmark	1.5	1.1	1.8	Other countries	35	0	56	
Netherlands	1.9	.9	1.5	Total	247	64	99	
Japan	6.9	0	0					
West Germany	8.5	.2	3.9	Conn. Binder, types 51-52				
Switzerland	1.5	.4	1.1					
Syria	1.7	0	0	West Germany	15	0	0	
Thailand	3.0	0	0	United Kingdom	36	36	0	
Philippine Republic	4.7	.3	2.0	Canada	58	46	8	
Other countries	10.4	3.3	5.5	Other countries	74	49	32	
Total	53.2	7.5	17.3	Total	184	131	40	
Maryland, type 32				Wis. Binder, types 54-55				
Belgium	1.5	.8	.5					
West Germany	1.2	*	.3	West Germany	0	0	0	
Switzerland	2.9	2.3	.3	Other countries	1	0	0	
Other countries	.8	.1	.1	Total	1	0	0	
Total	6.4	3.5	1.2					
Ky.-Tenn. fire-cured, types 22-23				Cigar Wrapper, types 61-62				
Sweden	.5	.5	.3	United Kingdom	713	597	615	
Netherlands	6.7	1.4	3.4	West Germany	392	18	81	
Belgium	.7	.4	.2	Canada	185	145	127	
France	2.6	.2	*	Dominican Republic	1,533	663	919	
Switzerland	.9	.7	.6	Canary Islands	23	21	4	
Other countries	.9	.7	.9	Other countries	1,037	216	534	
Total	12.0	3.9	5.4	Total	3,888	1,660	2,280	
Stems, Trimmings, and Scrap				Black Fat				
Sweden	4.1	1.1	.5	Dahomey	1,692	711	544	
Denmark	2.6	2.5	2.7	Cameroon	541	154	228	
United Kingdom	18.3	15.1	15.2	Niger	451	148	75	
West Germany	6.2	2.7	2.3	Nigeria	232	138	57	
Japan	24.7	22.1	22.0	Togo	355	129	220	
Other countries	37.2	26.7	19.9	Other countries	148	50	44	
Total	93.1	70.2	62.6	Total	3,419	1,330	1,168	

<sup>1/</sup> July-June crop year for flue-cured, cigar wrapper, stems, trimmings, and scrap; October-January for all other types. <sup>2/</sup> Subject to revision. Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

# INDEX TO 1975 QUARTERLY ISSUES

<u>Title</u>	<u>Issue</u>
SPECIAL ARTICLES	
Flue-cured Tobacco Production Costs, A Preview of 1975 .....	June
Tobacco Price Support Programs .....	June
Flue-cured Tobacco Processing Costs, 1966/67 and 1973/74 .....	September
Costs of Operating Flue-cured Tobacco Warehouses in 1974 .....	December
TABLES	
TOBACCO PRODUCTS	
Cigarettes: Output removals, consumption .....	Each issue
Production of filter and nonfilter .....	March, September
Tobacco used in cigarettes .....	September
Wholesale cigarette price revisions 1940 to date .....	March
Cigars: Output, removals, consumption .....	Each issue
Removals by revenue class groups .....	March, September
Smoking Tobacco: Output, removals, consumption .....	Each issue
Other Products (Chewing Tobacco, Snuff, Small cigars): Output .....	Each issue
Consumer expenditures .....	March, September
Demand Factors; per capita consumption .....	March, September
Government revenues (taxes) .....	March, September
Manufacturing corporations, sales, income .....	June
U.S. EXPORTS AND IMPORTS	
Exports, Cigarettes: By leading destinations .....	Each issue
Exports, Unmanufactured leaf: By principal types and importing countries and origins .....	Each issue
Government program and commercial .....	March, September
Barter, by leading destinations .....	March, September
Bulk smoking tobacco by leading destinations .....	March, September, December
Flue-cured: Percentage stemmed form .....	September
Imports, Unmanufactured Leaf: By principal types and origins .....	Each issue
Cigar Tobacco: U.S. imports and stocks by principal origins .....	Each issue.
TOBACCO LEAF SITUATION AND OUTLOOK	
Acreage, yield per acre, production, beginning stocks, supply disappearance, average price, and price support operations	
Total tobacco, United States and Puerto Rico .....	December
Types of tobacco	
Flue-cured and burley .....	Each issue
Maryland .....	Each issue
Fire-cured, dark air-cured .....	Each issue
Cigar .....	Each issue
Stocks and stocks-utilization ratios .....	September
Allotments and price support program	
Acreage allotted and underproduction (flue-cured) .....	March
Beginning stocks: Trade and under loan .....	Each issue
Commodity Credit Corporation expenditures .....	September
Cigar leaf price support operations .....	September
Computations for price support level adjustment factor .....	March
Lease and transfer of allotments .....	September
Loan receipts by belt (flue-cured) .....	December
Loan stocks .....	Each issue
Marketing quota referendums .....	Each issue
Number and average size of allotments .....	September
Quotas, marketings and carryover: Flue-cured and burley .....	Each issue
Harvest, sale, and cash receipts	
Burley price spreads by grades .....	March
Burley sales and average prices by states .....	March
Burley percentage of selected groups, quality, and color .....	December
Flue-cured sales prices and loan placements by belts .....	September, December
Flue-cured harvest completion by weeks .....	June
Southern Maryland: Production and price Maryland and other states .....	December
Marketings by belt and interbelt and interstate .....	June
Cash farm receipts: Tobacco and total .....	March
Cash farm receipts: Tobacco and total by states .....	June, September
Prospective plantings and projected production .....	March, June
FOREIGN TOBACCO PRODUCTION AND TRADE	
EC Tobacco imports by major suppliers .....	June, September
Japan Tobacco imports by major suppliers .....	December
United Kingdom: Imports, stocks, clearances, and exports .....	Each issue
World tobacco imports and exports by specified countries and U.S. share .....	June
World tobacco production, and U.S. share .....	June
World tobacco production, specified countries .....	June, December
STATISTICAL SUMMARY .....	Each issue



### STATISTICAL SUMMARY

Item	Unit or base period	1975		1975-76			Last data as percentage of a year earlier
		Jan.	Feb.	Dec.	Jan.	Feb.	
Average price at auctions							
Flue-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Burley	Ct. per lb.	105.8	88.5	105.6	108.1	107.1	121
Maryland	Ct. per lb.	closed	closed	closed	closed	closed	---
Virginia fire-cured	Ct. per lb.	80.5	62.5	94.5	98.7	78.0	125
Ky.-Tenn. fire-cured	Ct. per lb.	93.2	90.6	89.5	97.6	106.9	118
Ky.-Tenn. dark air-cured	Ct. per lb.	75.4	closed	89.9	89.6	closed	119
Virginia sun-cured	Ct. per lb.	83.5	closed	89.5	86.5	closed	104
Support price 1/							
Flue-cured	Ct. per lb.	93.2			*106.0		114
Burley	Ct. per lb.	96.1			*109.2		114
Maryland	Ct. per lb.	no support			no support		---
Virginia fire-cured	Ct. per lb.	65.2			*74.1		114
Ky.-Tenn. fire-cured	Ct. per lb.	65.2			*74.1		114
Ky.-Tenn. dark air-cured	Ct. per lb.	58.0			*65.9		114
Virginia sun-cured	Ct. per lb.	58.0			*65.9		114
Connecticut Valley cigar binder	Ct. per lb.	66.5			*75.6		114
Wis. binder and Ohio filler	Ct. per lb.	48.0			*54.6		114
Puerto Rican filler	Ct. per lb.	49.9			*56.7		114
Parity index 2/	1910-14=100	618	615	647	659	661	107
Industrial production index 3/	1967=100	113.7	111.2	118.5	119.3	---	105
Employment	Mil.	84.7	84.2	85.4	86.2	---	102
Personal income 4/	Bil. dol.	1,202.6	1,203.2	2,300.2	1,313.8	---	109

See footnotes at end of table.  
34 TS-155, MARCH 1976

Continued -

## STATISTICAL SUMMARY--CONTINUED

Item	Unit or base period	1974-75		1975-76			Last data as percentage of a year earlier
		Dec.	Jan.	Nov.	Dec.	Jan.	
Exports of leaf tobacco							
(farm-sales weight)							
Flue-cured	Mil. lb.	69.8	59.8	74.0	61.6	98.5	165
Burley	Mil. lb.	1.5	1.3	7.2	5.6	2.7	208
Maryland	Mil. lb.	.3	.1	.7	.5	.2	200
Virginia fire- & sun-cured	Mil. lb.	.8	*	.2	.5	.8	---
Ky.-Tenn. fire-cured	Mil. lb.	.9	.6	2.1	2.1	.8	150
Ky.-Tenn. dark air-cured	Mil. lb.	0	0	0	0	0	---
Black Fat	Mil. lb.	.3	.4	.3	.1	.2	50
Cigar wrapper	Mil. lb.	.6	.2	.4	.4	.5	250
Connecticut binder	Mil. lb.	0	.1	*	0	*	---
Wisconsin binder	Mil. lb.	0	0	0	0	0	---
Accumulated from beginning of marketing year 8/ Flue-cured	Mil. lb.	308.3	368.0	217.8	279.4	377.8	103
Burley	Mil. lb.	8.8	10.1	15.2	20.8	23.6	234
Maryland	Mil. lb.	4.5	4.6	.9	1.4	1.6	35
Virginia fire- & sun-cured	Mil. lb.	2.3	2.4	.7	1.2	2.0	83
Ky.-Tenn. fire-cured	Mil. lb.	3.7	4.3	2.1	5.2	6.0	140
Ky.-Tenn. dark air-cured	Mil. lb.	*	*	0	0	0	---
Black Fat	Mil. lb.	.6	1.0	.5	.6	.8	80
Cigar wrapper	Mil. lb.	1.6	1.9	1.6	2.0	2.6	137
Connecticut binder	Mil. lb.	.1	.1	*	*	*	---
Wisconsin binder	Mil. lb.	0	0	0	0	0	---
Cigar filler	Mil. lb.	.1	.1	.1	.2	.1	100
Exports of manufactured tobacco							
in bulk	Mil. lb.	1.9	6.1	.6	2.0	.8	13
Accumulated from Jan. 1	Mil. lb.	38.9		15.6	17.6		45
Quarterly data							
1974-75							
1975-76							
Oct.-Dec. : Jan.-Mar. : Oct.-Dec. : Jan.-Mar.							
Stocks of tobacco--1st of quarter 2/							
Domestic types							
(farm-sales weight)							
Flue-cured	Mil. lb.	2,156	2,217	2,231		2,443	110
Burley	Mil. lb.	1,071	1,314	1,094		1,346	102
Maryland	Mil. lb.	62	52	61		54	104
Fire-cured	Mil. lb.	52	47	48		41	87
Dark air- and sun-cured	Mil. lb.	40	33	35		35	92
Cigar filler	Mil. lb.	63	52	61		55	106
Cigar binder	Mil. lb.	43	39	42		39	100
Cigar wrapper	Mil. lb.	16	19	16		19	100
Under Government loan 10/	Mil. lb.	428	284	354		402	142
Tobacco sheet 11/ Cigarette types	Mil. lb.	24.0	19.6	24.7		24.1	123
Cigar types	Mil. lb.	1.1	1.3	1.4		1.5	115
Foreign types (farm-sales weight)							
Cigarette and smoking	Mil. lb.	493	548	587		568	104
Cigar	Mil. lb.	126	125	129		131	105
Tobacco outlets 12/ Seasonally adjusted data, annual rates, for charts, p.2							
Cigarettes							
Production	Bil.	629.2	626.8	694.7		680.0	108
Taxable removals	Bil.	674.6	562.5	622.0		624.0	111
Large cigar production	Bil.	6.70	5.81	5.44		5.60	96
Smoking production	Mil. lb.	48.3	49.4	42.6		46.0	93
Chewing production							
Loose leaf	Mil. lb.	57.0	51.4	55.7		51.0	100
Plug and other	Mil. lb.	27.0	26.6	28.2		27.2	102
Snuff production	Mil. lb.	25.5	23.3	24.4		24.4	105
Exports of leaf							
Total	Mil. lb.	728.9	891.2	659.7		950.0	107
Flue-cured	Mil. lb.	625.7	798.7	544.2		860.0	108

1/1975 and 1976 crops respectively. 2/Prices paid by farmers including interest, taxes and wage rates. 3/Seasonally adjusted. 4/Seasonally adjusted, annual rate. 5/Excise tax excluded. 6/Federal and applicable state and local taxes included. 7/Farm-sales weight equivalent. 8/July 1 for flue-cured and cigar wrapper and October 1 for others. 9/Holdings of manufacturers and dealers including grower cooperatives. 10/Reported by grower cooperatives. 11/Weight of tobacco leaf not including stems added. 12/Data for most recent quarter are estimates. \*Less than 50,000 pounds. \*\*Estimated.



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TS-155

MARCH 1976

## LIST OF TABLES

<i>Table</i>	<i>Title</i>	<i>Page</i>
1	Cigarettes: Output, removals, and consumption, 1961-75 . . . . .	5
2	Cigars and smoking tobacco: Output, removals, and consumption, 1965-75 . . . . .	5
3	Cigarette output of filter-tip and nonfilter-tip, by length, 1973-75 . . . . .	6
4	Tobacco products: Consumption per capita, 1966-75 . . . . .	6
5	Cigarette wholesale prices, 1965-75 . . . . .	7
6	Tobacco demand factors, 1966-75 . . . . .	8
7	Smoking tobacco: Production and sales, by category, 1974-75 . . . . .	9
8	Roll-your-own cigarettes and smoking tobacco consumed, 1970-75 . . . . .	9
9	U.S. tobacco exports by types and countries, 1966-70 and 1973-75 . . . . .	11
10	Tobacco exports: Government-financed and commercial sales, 1955-75 . . . . .	12
11	U.S. imports of unmanufactured tobacco for consumption and general, 1973-75 . . . . .	14
12	Flue-cured and burley: Marketing quota and marketings, 1965-76 . . . . .	15
13	U.S. tobacco: Acreage, marketing quotas, production, 1974-76 . . . . .	18
14	Flue-cured and burley tobacco: U.S. supplies, disappearance, and prices, 1966-76 . . . . .	19
15	Burley tobacco: Price spreads among specified grades, 1955-75 . . . . .	20
16	Burley tobacco: Gross auction sales and average price, by States, 1974 and 1975 . . . . .	20
17	Maryland tobacco: U.S. supplies, disappearance, and prices, 1968-75 . . . . .	22
18	Fire-cured tobacco: U.S. supplies, disappearance, and prices, 1967-75 . . . . .	23
19	Dark air-cured tobacco: U.S. supplies, disappearance, and prices, 1967-75 . . . . .	25
20	Cigar tobacco: Supplies, disappearance, and prices, 1967-75 . . . . .	26
21	Cash receipts from farm marketings and tobacco, 1966-75 . . . . .	29
22	Total expenditures for tobacco products, 1966-75 . . . . .	29
23	Federal and State tax revenues from tobacco products, 1966-75 . . . . .	30
24	Marketing quota referendums, and kinds of tobacco . . . . .	31
25	Unmanufactured tobacco exports, by types, to principal destinations, marketing years, 1974-76 . . . . .	32
	Statistical Summary . . . . .	34





